



SEVEN WEST MEDIA

# Delivering the future of content. Anywhere. Any screen. Anytime.

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RESULTS FOR THE YEAR  
ENDED 27 JUNE 2015



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# Agenda

FY15 Full Year Highlights

Performance and Outlook

Financials

Operating Divisions

- Television
- Digital
- Yahoo7
- Newspapers
- Magazines

Strategy

Questions



# FY15 Highlights

## Operational

- Maintained leadership.
- Distribution of content anywhere, anytime, on any device.
- Expansion of content production globally.
- New revenue streams established.

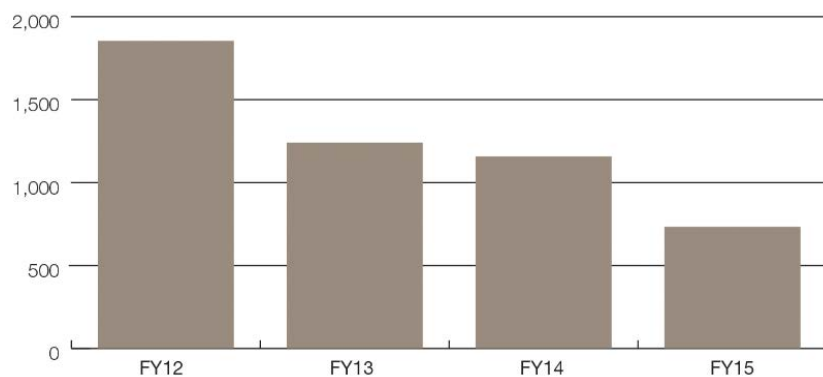
## Financial

- Profit after tax of \$209.1m (excl. significant items) down 11.5% YoY.
- Loss after tax of \$1,887.4m (incl. significant items).
- \$2,096.5m of significant items (net of tax) predominately relating to impairment of Television goodwill and licences.
- Tight operating cost control delivered a 2.4% reduction YoY.
- EBIT of \$356.3m down 12.7% YoY. Group EBITDA margin of 22.9%.
- Strong operating cashflows (before interest and tax) of \$349.0m.
- Early conversion of the convertible preference shares.
- Proceeds raised in the Pro-rata Offer used to reduce debt.
- Secured debt extension to October 2018.
- Final dividend of 4 cents per share fully franked.

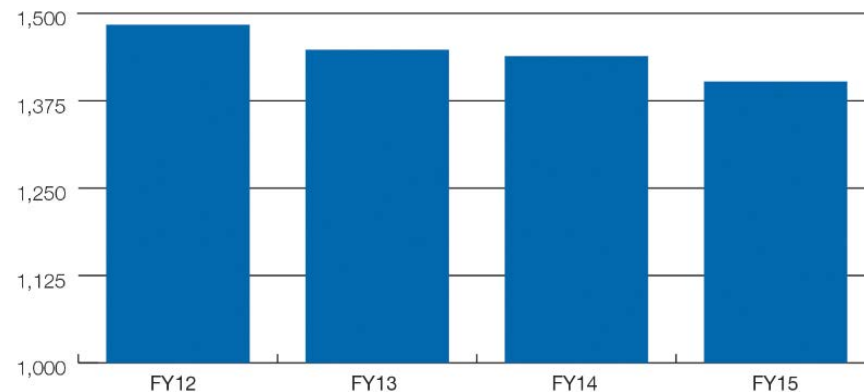


# FY15 Highlights

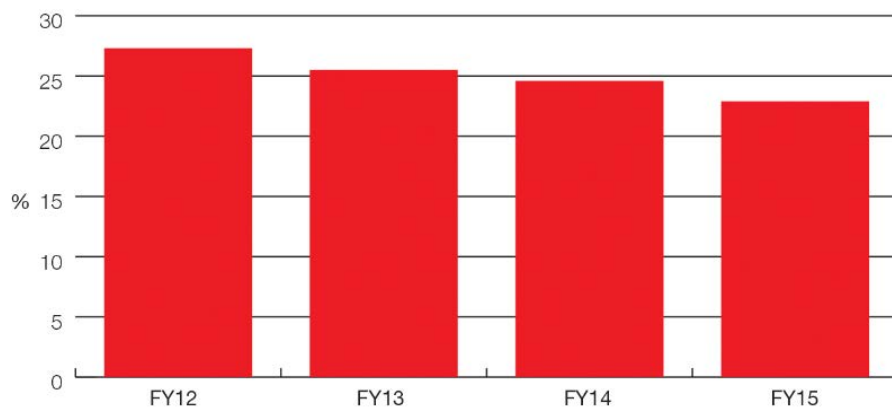
\$'m Net Debt (\$m)



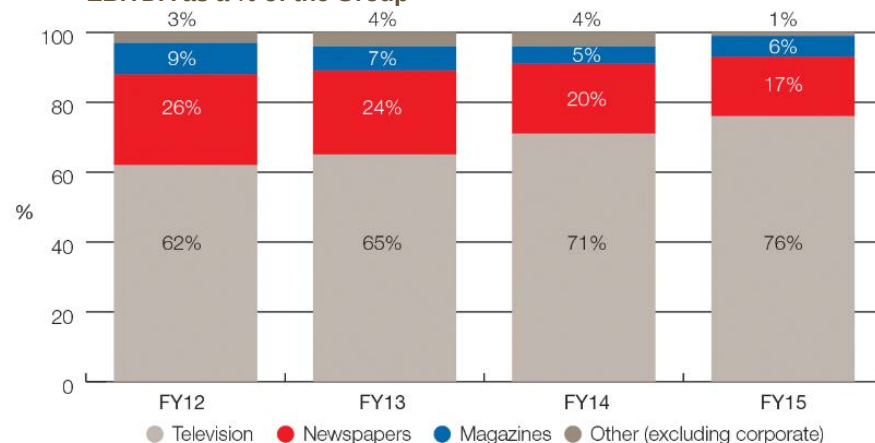
\$'m Total Group Costs (\$m)



Group EBITDA Margin (%)



EBITDA as a % of the Group



# Performance & Outlook. **Solid revenue performance**

**Total Advertising Market: July 2014 - June 2015 +3.1%<sup>2</sup>**

| Year on year    | TV <sup>1</sup> | Newspapers <sup>2</sup> | Magazines <sup>2</sup> |
|-----------------|-----------------|-------------------------|------------------------|
| Jul 14 - Dec 14 | -3.0%           | -8.2%                   | -9.5%                  |
| Jan 15 - Jun 15 | +0.2%           | -13.2%                  | -15.2%                 |
| <b>FY15</b>     | <b>-1.6%</b>    | <b>-10.5%</b>           | <b>-11.8%</b>          |

## Seven West Media Advertising Revenue:

| Year on year          | TV           | Newspapers    | Magazines    |
|-----------------------|--------------|---------------|--------------|
| <b>Jul 14- Jun 15</b> | <b>-3.1%</b> | <b>-13.3%</b> | <b>-4.9%</b> |

- Television maintained leadership with full year market share of 40%.
- Advertising market share in Digital continues to grow.

## Advertising Market Outlook

- TV - Low single digit growth.
- Newspapers - Early signs of improvement in trend.
- Magazines - Continuation of trend.

## Group Outlook

- FY16 operating cost growth to remain below CPI (excluding third party commissions and events).
- Underlying Group EBIT for FY16 to be 5 to 10% lower than FY15.

1. Free TV Metro 2. SMI

# Financials

XFACTOR

# Key Group results

## Statutory results

|                                     | FY15<br>\$m    | FY14<br>\$m    |
|-------------------------------------|----------------|----------------|
| (Loss)/ Profit before tax           | (1,827.2)      | 243.4          |
| (Loss)/ Profit after tax            | (1,887.4)      | 149.2          |
| Basic EPS <sup>2</sup>              | (181.1) cents  | 14.8 cents     |
| Diluted EPS <sup>1 2</sup>          | (181.1) cents  | 12.6 cents     |
| <b>Proposed Final FY15 dividend</b> | <b>4 cents</b> | <b>6 cents</b> |

## 4 cents

Fully franked proposed final  
FY15 dividend

## Additional Information

Earnings per share based on net profit excluding significant items (net of tax)

|                                              | FY15<br>\$m | FY14<br>\$m | Incl/(dec)<br>% |
|----------------------------------------------|-------------|-------------|-----------------|
| Profit after tax excluding significant items | 209.1       | 236.2       | (11.5)          |
| Significant items (net of tax)               | (2,096.5)   | (87.0)      | -               |
| Profit after tax                             | (1,887.4)   | 149.2       | -               |
| Basic EPS <sup>2</sup>                       | 20.1 cents  | 23.4 cents  | (14.4)          |
| Diluted EPS <sup>2</sup>                     | 16.0 cents  | 19.9 cents  | (19.7)          |

## \$209.1 million

profit after tax excluding  
significant items

Note 1: Statutory Diluted Earnings Per Share for June 2015 does not assume conversion of the CPS as this would have an anti-dilutive effect on EPS. This is in line with the requirements of AASB 133 Earnings Per Share.

Note 2: Calculation of the DEPS assumes conversion of the weighted average CPS for the full financial year and the EPS calculation assumes conversion of the CPS at conversion date. Prior year comparatives were restated in line with AASB 133 Earnings per Share.

Amounts, totals and change percentages calculated on whole numbers and not the rounded amounts presented.

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# Consolidated SWM. Income Statement

|                                                                   | FY15<br>\$m      | FY14<br>\$m  | Inc/(dec)<br>% |
|-------------------------------------------------------------------|------------------|--------------|----------------|
| Revenue, other income and share of equity accounted investees     | 1,774.7          | 1,861.8      | (4.7)          |
| Expenses (including depreciation)                                 | (1,418.4)        | (1,453.6)    | (2.4)          |
| <b>Profit before significant items, net finance costs and tax</b> | <b>356.3</b>     | <b>408.2</b> | <b>(12.7)</b>  |
| Net finance costs                                                 | (60.7)           | (77.8)       | (22.0)         |
| <b>Profit before significant items and tax</b>                    | <b>295.6</b>     | <b>330.4</b> | <b>(10.5)</b>  |
| Significant items before tax                                      | (2,122.8)        | (87.0)       | -              |
| <b>(Loss)/ profit before tax</b>                                  | <b>(1,827.2)</b> | <b>243.4</b> | -              |
| Tax expense                                                       | (60.2)           | (94.2)       | -              |
| <b>(Loss)/ profit after tax</b>                                   | <b>(1,887.4)</b> | <b>149.2</b> | -              |

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# Consolidated SWM. Significant Items

|                                                               | FY15<br>\$m      | FY14<br>\$m   |
|---------------------------------------------------------------|------------------|---------------|
| Impairment of Television goodwill                             | (960.9)          | -             |
| Impairment of Television licences                             | (929.3)          |               |
| Impairment of Newspapers and Magazines goodwill               | (65.7)           | (61.7)        |
| Impairment of Newspapers and Magazines mastheads and licences | (38.4)           | (25.3)        |
| Impairment of equity accounted investees                      | (71.0)           | -             |
| <b>Total impairment</b>                                       | <b>(2,065.2)</b> | <b>(87.0)</b> |
| Restructure costs and onerous contracts                       | (56.6)           | -             |
| Transaction costs on conversion of CPS                        | (0.9)            | -             |
| <b>Total significant items before tax</b>                     | <b>(2,122.8)</b> | <b>(87.0)</b> |
| Tax benefit                                                   | 26.3             | -             |
| <b>Net significant items after income tax</b>                 | <b>(2,096.5)</b> | <b>(87.0)</b> |

- Significant items (net of tax) of \$1,131.1m were recognised in December 2014.
- Significant items (net of tax) of \$965.4m were recognised at June 2015.
- \$2,065.2m total impairment is non-cash in nature and has no impact on the Group's ability to pay franked dividends.

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# Consolidated SWM. Cash flow

|                                                          | FY15<br>\$m    | FY14<br>\$m      | Inc/(dec)<br>% |
|----------------------------------------------------------|----------------|------------------|----------------|
| <b>EBITDA</b>                                            | <b>407.0</b>   | <b>458.2</b>     | <b>(11.2)</b>  |
| Working capital and other movements                      | (62.1)         | (46.7)           | 33.0           |
| Redundancy and restructuring (significant items)         | (11.0)         | -                | -              |
| Dividends received net of share of associates profit     | 15.1           | 4.6              | 229.0          |
| <b>Operating cash flows before interest and tax</b>      | <b>349.0</b>   | <b>416.1</b>     | <b>(16.1)</b>  |
| Tax received/(paid)                                      | (6.8)          | (100.1)          | (93.2)         |
| Net finance costs paid                                   | (59.2)         | (77.6)           | (23.7)         |
| Net payment for property, plant & equipment and software | (40.3)         | (40.3)           | -              |
| Dividends paid                                           | (119.8)        | (119.8)          | -              |
| Loans issued, proceeds and payments for investments      | (3.2)          | 6.6              | (149.2)        |
| Share issue (net of transaction costs)                   | 308.2          | -                | -              |
| <b>Net increase in cash and cash equivalents</b>         | <b>427.9</b>   | <b>84.9</b>      | <b>404.2</b>   |
| Opening net cash/(debt)                                  | (1,158.5)      | (1,240.9)        | (6.6)          |
| Change in unamortised refinancing costs                  | (2.3)          | (2.6)            | (11.5)         |
| <b>Closing net cash/(debt)</b>                           | <b>(732.9)</b> | <b>(1,158.5)</b> | <b>(36.7)</b>  |

Note: Closing net debt, excluding unamortised refinancing costs is \$738.2m (Jun 14: \$1,166.1m). Closing unamortised refinancing costs are \$5.3m (Jun 14: \$7.6m)

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# SWM. Net Debt

|                                     | FY15<br>\$m  | FY14<br>\$m    | Inc/(dec)<br>% |
|-------------------------------------|--------------|----------------|----------------|
| <b>Total Borrowings<sup>1</sup></b> | <b>874.6</b> | <b>1,227.4</b> | <b>(28.7)</b>  |
| Cash                                | (141.8)      | (68.8)         | 106.1          |
| <b>SWM total net debt</b>           | <b>732.9</b> | <b>1,158.5</b> | <b>(36.7)</b>  |
| SWM LTM EBITDA                      | 407.0        | 458.2          | (11.2)         |
| SWM Total Leverage Ratio            | 1.8x         | 2.5x           | (28.0)         |

- Extended debt facility to October 2018.
- Reduced total facility to \$1.1billion and secured lower lending margins.

Note 1: Total borrowings of \$874.6m are net of unamortised refinancing costs of \$5.3m (June 14: \$7.6m).

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# Revenue Performance

|                                                | FY15<br>\$m    | FY14<br>\$m    | Inc/(dec)<br>% |
|------------------------------------------------|----------------|----------------|----------------|
| <b>Revenue</b>                                 |                |                |                |
| Television                                     | 1,279.2        | 1,305.7        | (2.0)          |
| Newspapers                                     | 260.9          | 291.2          | (10.4)         |
| Magazines                                      | 220.1          | 237.5          | (7.3)          |
| Other Business and New Ventures <sup>1 2</sup> | 13.6           | 27.4           | (50.4)         |
| Corporate <sup>2</sup>                         | 0.9            | -              | -              |
|                                                | <b>1,774.7</b> | <b>1,861.8</b> | <b>(4.7)</b>   |
| <b>Revenue as a % of Group</b>                 |                |                |                |
| Television                                     | 72%            | 70%            |                |
| Newspapers                                     | 15%            | 16%            |                |
| Magazines                                      | 12%            | 13%            |                |
| Other Business and New Ventures                | 1%             | 1%             |                |
| Corporate                                      | -              | -              |                |

Note 1: Includes share of profit of equity accounted investments.

Note 2: A reallocation of revenue and costs between "Other Business and New Ventures" and "Corporate" has occurred in FY15. Comparatives have been restated to reflect the new segment structure.

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# Group Costs and EBIT

|                                              | FY15<br>\$m    | FY14<br>\$m    | Inc/(dec)<br>% |
|----------------------------------------------|----------------|----------------|----------------|
| <b>Costs <sup>1</sup></b>                    |                |                |                |
| Television                                   | 983.2          | 993.6          | (1.0)          |
| Newspapers                                   | 209.2          | 219.7          | (4.8)          |
| Magazines                                    | 199.8          | 217.1          | (8.0)          |
| Other Business and New Ventures <sup>2</sup> | 10.3           | 8.5            | 21.2           |
| Corporate <sup>2</sup>                       | 15.9           | 14.7           | 8.2            |
|                                              | <b>1,418.4</b> | <b>1,453.6</b> | <b>(2.4)</b>   |
| <b>EBIT</b>                                  |                |                |                |
| Television                                   | 296.0          | 312.1          | (5.1)          |
| Newspapers                                   | 51.7           | 71.6           | (27.8)         |
| Magazines                                    | 20.3           | 20.4           | (0.5)          |
| Other Business and New Ventures <sup>2</sup> | 3.3            | 18.9           | (82.3)         |
| Corporate <sup>2</sup>                       | (15.0)         | (14.7)         | (2.1)          |
|                                              | <b>356.3</b>   | <b>408.2</b>   | <b>(12.7)</b>  |

Note 1: Costs include depreciation and amortisation and exclude significant items.

Note 2: A reallocation of revenue and costs between "Other Business and New Ventures" and "Corporate" has occurred in FY15. Comparatives have been restated to reflect the new segment structure.

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# Divisional Performance. Television

|                                         | FY15<br>\$m    | FY14<br>\$m    | Inc/(dec)<br>% |
|-----------------------------------------|----------------|----------------|----------------|
| <b>Revenue <sup>1</sup></b>             |                |                |                |
| Advertising                             | 1,118.1        | 1,153.3        | (3.1)          |
| Affiliate fees, program sales and other | 161.1          | 152.4          | 5.7            |
|                                         | <b>1,279.2</b> | <b>1,305.7</b> | <b>(2.0)</b>   |
| <b>Costs</b>                            |                |                |                |
| Revenue variable costs <sup>2</sup>     | 80.4           | 83.8           | (4.1)          |
| Depreciation and amortisation           | 25.2           | 24.1           | 4.7            |
| Other costs                             | 877.6          | 885.7          | (0.9)          |
|                                         | <b>983.2</b>   | <b>993.6</b>   | <b>(1.0)</b>   |
| <b>EBIT</b>                             | <b>296.0</b>   | <b>312.1</b>   | <b>(5.1)</b>   |

Note 1: Advertising revenue includes advertorial revenue.

Note 2: Revenue variable costs include licence fees, contra and advertorial costs which are directly variable to revenue streams.

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# Divisional Performance. Newspapers

|                                                 | FY15<br>\$m  | FY14<br>\$m  | Inc/(dec)<br>% |
|-------------------------------------------------|--------------|--------------|----------------|
| <b>Revenue <sup>1</sup></b>                     |              |              |                |
| Advertising                                     | 167.9        | 193.8        | (13.3)         |
| Circulation                                     | 61.6         | 66.5         | (7.4)          |
| Other                                           | 31.4         | 30.9         | 1.6            |
|                                                 | <b>260.9</b> | <b>291.2</b> | <b>(10.4)</b>  |
| <b>Costs <sup>1</sup></b>                       |              |              |                |
| Depreciation & amortisation                     | 21.5         | 21.4         | 0.5            |
| Other costs                                     | 187.7        | 198.3        | (5.3)          |
|                                                 | <b>209.2</b> | <b>219.7</b> | <b>(4.8)</b>   |
| <b>EBIT</b>                                     | <b>51.7</b>  | <b>71.5</b>  | <b>(27.7)</b>  |
| <b>Metro Circulation and readership</b>         |              |              |                |
| Average daily issues (000's) <sup>2</sup>       | 157          | 166          |                |
| Average weekend issues (000's) <sup>2</sup>     | 258          | 275          |                |
| Average daily readership (000's) <sup>3</sup>   | 573          | 637          |                |
| Average weekend readership (000's) <sup>3</sup> | 616          | 681          |                |

Note 1: Following a review of the internal reporting structure, the revenue and cost items relating to ColourPress, Newspapers Digital Publishing and other WAPublishers were reclassified from "Other Business and New Ventures" to "Newspapers". FY14 results have also been restated to reflect this change.

Note 2: Source: ABC; Note 3: EmmaTM conducted by Ipsos MediaCT for the 12 months ending June 2015.

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# Divisional Performance. Magazines

|                                          | FY15<br>\$m  | FY14<br>\$m  | Inc/(dec)<br>% |
|------------------------------------------|--------------|--------------|----------------|
| <b>Revenue</b>                           |              |              |                |
| Circulation                              | 142.2        | 154.4        | (7.9)          |
| Advertising                              | 69.2         | 72.8         | (4.9)          |
| Other                                    | 8.7          | 10.3         | (15.5)         |
|                                          | <b>220.1</b> | <b>237.5</b> | <b>(7.3)</b>   |
| <b>Costs</b>                             |              |              |                |
| Depreciation and amortisation            | 3.2          | 4.0          | (20.0)         |
| Other costs                              | 196.6        | 213.1        | (7.7)          |
|                                          | <b>199.8</b> | <b>217.1</b> | <b>(8.0)</b>   |
| <b>EBIT</b>                              | <b>20.3</b>  | <b>20.4</b>  | <b>(0.5)</b>   |
| <b>Circulation and readership</b>        |              |              |                |
| Total circulation share <sup>1</sup> (%) | 35.7         | 35.2         |                |
| Readership market share <sup>2</sup> (%) | 30.1         | 31.6         |                |

Note 1: Source: AMAA from ABC (based on 16 audited titles).

Note 2: Source: EmmaTM conducted by Ipsos MediaCT for the 12 months ending June 2015 (excluding new titles added to the survey the readership market share has increased to 33.1%).

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# Divisional Performance. Yahoo7

|                                        | FY15<br>\$m | FY14<br>\$m  | Inc/(dec)<br>% |
|----------------------------------------|-------------|--------------|----------------|
| <b>Revenue</b>                         |             |              |                |
| Advertising                            | 78.2        | 77.6         | 0.7            |
| Other                                  | 21.4        | 23.0         | (7.0)          |
|                                        | <b>99.6</b> | <b>100.6</b> | <b>(1.0)</b>   |
| <b>Costs</b>                           |             |              |                |
| Depreciation and amortisation          | 6.4         | 7.3          | (12.3)         |
| Other costs                            | 67.6        | 60.4         | 12.0           |
|                                        | <b>74.0</b> | <b>67.7</b>  | <b>9.4</b>     |
| <b>EBIT</b>                            | <b>25.5</b> | <b>32.9</b>  | <b>(22.4)</b>  |
| Daily Active Users (m's) <sup>1</sup>  | 3.1         | 2.8          |                |
| Total video streams (m's) <sup>1</sup> | 133         | 116          |                |

Note 1: Yahoo7

Note: The above result is based on 100% of the business. Seven West Media's share is 50%.

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# Divisional Performance.

## Other Business and New Ventures

|                                             | FY15<br>\$m | FY14<br>\$m | Inc/(dec)<br>% |
|---------------------------------------------|-------------|-------------|----------------|
| <b>Revenue</b>                              |             |             |                |
| Radio                                       | 9.9         | 10.5        | (5.7)          |
| Yahoo7 share of net profit                  | 11.1        | 12.0        | (7.5)          |
| Early stage investments share of net losses | (12.7)      | (1.3)       | -              |
| Other                                       | 5.3         | 6.1         | (14.5)         |
|                                             | <b>13.6</b> | <b>27.4</b> | <b>(50.4)</b>  |
| <b>Costs</b>                                |             |             |                |
| Depreciation and amortisation               | 0.8         | 0.5         | 60.0           |
| Other costs                                 | 9.5         | 8.0         | 18.7           |
|                                             | <b>10.3</b> | <b>8.5</b>  | <b>21.2</b>    |
| <b>EBIT</b>                                 | <b>3.3</b>  | <b>18.9</b> | <b>(82.3)</b>  |

Note: Following a review of the internal segment reporting structure, the revenue and cost items relating to ColourPress, Newspapers Digital Publishing and other WAPublishers were reclassified from "Other Business and New Ventures" to "Newspapers". FY14 results have also been restated to reflect this change.

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Operating Divisions

# Operating Divisions



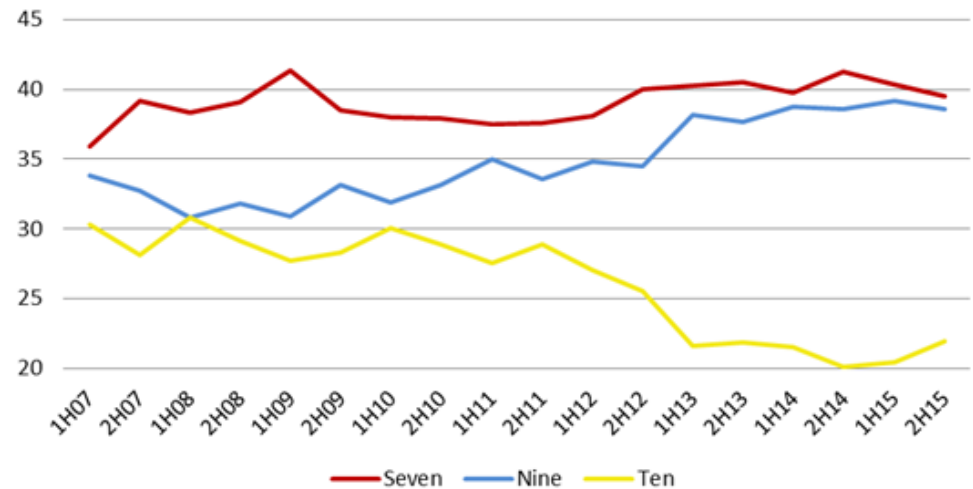
# Television

17th consecutive half year of leadership

## FY15 review

- #1 Network in revenue and ratings share
  - 40.0% revenue share in FY15<sup>2</sup>.
  - 38.5% ratings share in FY15<sup>1</sup>.
- Largest ratings lead over nearest competitor in 2H since 2011<sup>1</sup>.
- 10 of the top 20 programs are on Seven<sup>1</sup>.
- My Kitchen Rules maintains dominance as #1 show and House Rules delivers highest ratings of all renovation shows<sup>1</sup>.
- Strategic roadmap to Olympics well established.
- Federal government review of licence fees underway.
- Reviewing international content deals.

**Metro FTA TV advertising revenue market share**



Note 1: Source: Oztam Note 2: Source: Free TV

# Television

## Content at the core

### FY15 review

- Strong program sales growth +17% year on year.
- Growing pipeline of new commissioned productions for third parties.
- 7Productions, 7Wonder and 7Beyond producing over 700 hours of scripted, factual, kids and reality programming per annum.
- Investing in growing production and distribution capabilities with several key appointments.
- Sustained demand for our content internationally.

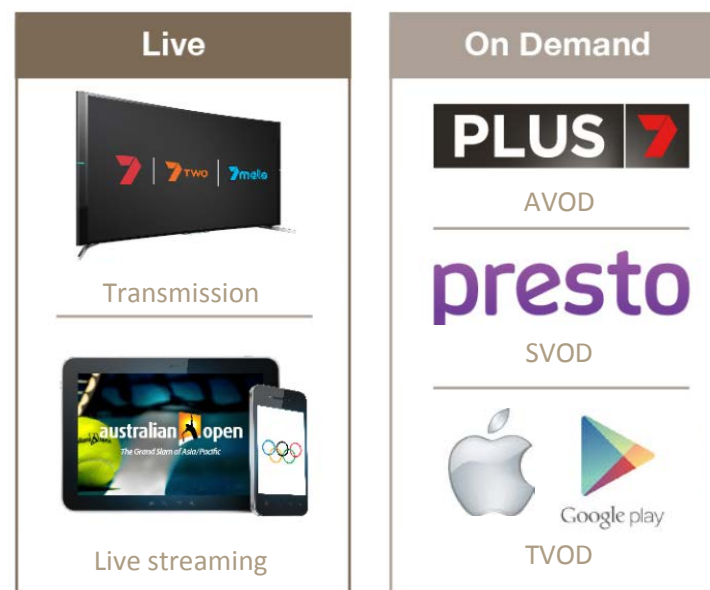


# Digital

Content. Anywhere. Any screen. Anytime.

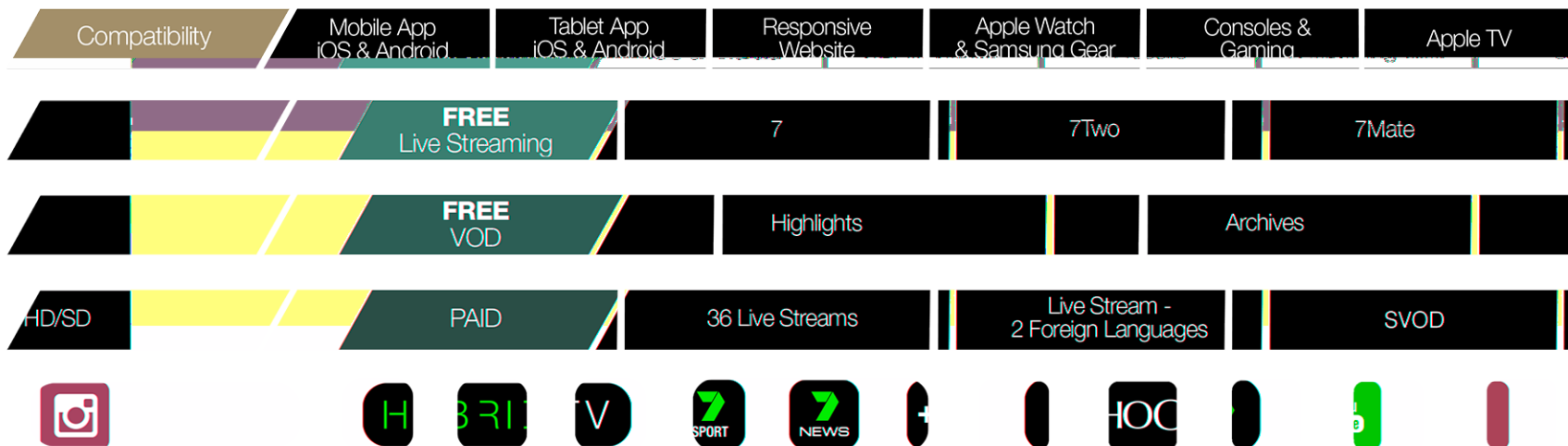
## FY15 review

- Launched Presto SVOD service in 3Q15 with subscriber growth on track.
- Launching live 24/7 streaming of 7, 7Mate and 7TWO content.
- Social community across Seven West Media now greater than 12 million.
- Hybrid Television adoption growing with all major manufacturers on board.
- Establishing new distribution agreements with 3<sup>rd</sup> party platforms.
- Nielsen introducing new streaming measurement system.
- Formed long term media partnership on Racing.com with Racing Victoria.
- Monetisation of tennis digital rights.
- Launched 40 Days Of 'Live & Free' Sport, increasing reach and return on sports rights.
- Innovation on the delivery of Olympics.





# **Olympic Games**



# New 6 Year AFL Deal

The Seven Network remains the home of AFL Football

## Update

- New 6 year agreement for the 2017-2022 season.
- \$140 million + \$10 million contra.
- All premium timeslots on Seven.
- More live prime time games than ever before:
  - Thursday Night Football;
  - Friday Night Football;
  - Saturday Night Football;
  - Sunday Afternoon Football;
- AFL Finals Series, AFL Grand Final.
- Brownlow Medal and all major holiday or holiday eve “blockbuster” matches.
- Overflow mechanism provides more than 4 games in every market except Melbourne.
- Substitution mechanism provides best game in every market.
- Greater advertiser presence in all digital simulcasts on all platforms.



# Yahoo7

Market leading expertise in ad tech and data

## FY15 review

- Highly engaged audience with 3.1 million<sup>1</sup> Daily Active Users.
- Strategic focus on mobile, video, native and social revenue models:
  - Mobile audiences grown 31%.
  - >130 million video streams served in the year up 15%.
  - Strong growth in native advertising up 300% from H1.
  - Secured advertising partners for local Tumblr commercialisation.
- Enhanced video delivery and content offering across the network.
- Leveraging Yahoo inc. investment in ad tech to monetise in local market to third parties.

Note 1: Yahoo7 data

YAHOO!7



tumblr.

# Newspapers

News for Western Australians. Anywhere. Anytime.

## FY15 review

- Engaging 71% of West Australians every month<sup>1</sup>.
- Successful integration of Seven Perth into The West Australian.
- Newsgate fully operational across all metro publications and being rolled out across regional mastheads.
- Advertising market remains challenging in WA.
- Costs savings and management restructure.
- Integration of Seven West Media WA sales teams.
- New Head of Digital appointed.
- Digital platform enhancements to be delivered in the coming year.



Note 1: Source: emma™ conducted by Ipsos MediaCT, People 14+ for the 12 months ending June 2015, Nielsen Online Ratings June 2015, People 14+ only.

# Magazines

## Growing audience reach and engagement

### FY15 review

- Advertising revenue share increased to a record high of 31.5% (30.1% FY14).<sup>1</sup>
- Total Audience increased 14% with social media footprint increasing 71% year on year.
- Leveraging brands and audience to build new revenue streams.
- New initiatives gaining traction, BHG Shop, The Parcel. Further initiatives to be announced later this year.
- Enhanced capabilities in digital and e-commerce, new Head of Digital appointed.
- Cost program delivers further efficiencies.

Note 1: SMI



Strategy & Outlook

# Strategy & Outlook



# Strategy & Outlook

- Create or own the right content to ensure ongoing leadership in television.
- Grow our television production and distribution business globally.
- Syndicate and distribute our content wherever it can be measured and monetised.
- Focus on mobile delivery to extend reach and frequency.
- Extend publishing businesses into video, eCommerce and social.
- Lead and innovate in live sport - lay the foundations for the Rio 2016 Olympics and Paralympics.
- Invest in data technology to enable new advertising sales models.
- Build on the early success of our RED Events portfolio.
- Leverage power of SWM assets to build new revenue streams.
- Identify and drive efficiencies and simplification across people, process and technology.
- Committed to change our culture to be more agile and innovative



# Questions

