October 17, 2013

Ten Network Holdings' Full Year Financial Results And Proposed New Financing Facility.

Financial Flexibility To Implement Turnaround Strategy.

Ten Network Holdings Limited (ASX: TEN) ("TEN") today announced its results for the 12 months to August 31, 2013. The results included:

- Television revenue of $630.1 million
- Television costs (ex-selling costs) reduced by 8.0% to $546.5 million
- Television earnings before interest, tax, depreciation and amortisation of $46.1 million
- Non-recurring charges for continuing operations of $336.2 million including a television licence impairment charge of $292.1 million
- Reported net loss after tax of $285 million
- Net debt reduced by $235 million, to $28 million as at August 31, 2013
- Proposed new, covenant-light, four-year, $200 million Financing Facility

Ten Network Holdings' Chief Executive Officer and Managing Director, Hamish McLennan, said the company's results reflected the extent of the turnaround required in its core performance.

"The Board and management of TEN recognise time and financial investment are required to build ratings and revenue, which is why a new Financing Facility is proposed," Mr McLennan said.

"TEN's management needs to focus on investing in its strategy to build ratings, while maintaining cost disciplines in other departments."

TEN's full-year television costs (ex-selling costs) declined 8.0% to $546.5 million, below the $560 million guidance given with the release of its first-half results on April 9, 2013.

Mr McLennan said: "The strict cost control will continue, but we are investing in content that will appeal to our core target market of people aged 25 to 54, such as the XXII Olympic Winter Games in Sochi, Russia, the XX Commonwealth Games in Glasgow, Scotland, and the KFC T20 Big Bash League competition."

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On September 30, TEN successfully launched tenplay, a new and improved website and app that is the first phase of the company's TV Everywhere strategy. tenplay has recorded strong numbers since its launch.

Mr McLennan said: "The focus on 25 to 54s, the investment in premium sport, the upcoming launch of our new breakfast and morning television line-up, the recent restructuring of our Sales department to better address client needs, and the introduction of tenplay are key elements in our strategy to improve TEN's ratings, revenue and earnings."

TEN's reported net loss for 2012-13 was impacted by one-off, non-recurring charges for continuing operations of $336.2 million.

The charges included a non-cash television impairment charge of $292.1 million (which was announced on April 9, 2013), $29.7 million of charges relating to impairment of EYE US assets and onerous contracts, and other one-off restructure charges of $14.4 million.

Proposed New Financing Facility

Today TEN announced a proposed new four-year, $200 million debt facility (the "Financing Facility") from the Commonwealth Bank of Australia ("CBA") which is guaranteed by TEN's major shareholders associated with Bruce Gordon, Lachlan Murdoch and James Packer.

The proposed Financing Facility will be free from financial covenants.

Mr McLennan said: "TEN's turnaround continues to be strongly supported by its major shareholders.

"TEN would not have been able to access this source of finance from CBA on such favourable terms without the support of our major shareholders who are providing guarantees.

"TEN will have flexibility to implement the turnaround. Our strategy will be measured, prudent and consistent," he said.

The proposed new Financing Facility arrangements are subject to a shareholders' vote at the TEN Annual General Meeting on December 18, 2013.

An Independent Expert has been engaged to provide a report on the shareholder guarantor arrangements.

An Explanatory Memorandum containing full details of the proposed Financing Facility and shareholder guarantor arrangements, including the report of the Independent Expert, will be provided to all shareholders with the notice of the Annual General Meeting.

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EYE Corp and Capital Management

TEN's results for 2012-13 from discontinued operations included the contribution from EYE Corp ANZI and UK, the sales of which were announced on October 31, 2012, and February 22, 2013, respectively. The United States operations of EYE are retained.

The sale of EYE Corp and the December 2012 capital raising enabled TEN to reduce its net debt by $235 million over the 12-month period.

Net debt at August 31, 2013, was $28 million.

Final Dividend

No final dividend will be paid.

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