

17 February 2016

Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

***By electronic lodgment***

Total Pages: 31 (including covering letter)

Dear Sir / Madam

**PRESENTATION OF RESULTS TO ANALYSTS**

Following is a copy of the Presentation of Results for the financial half-year ended 26 December 2015.

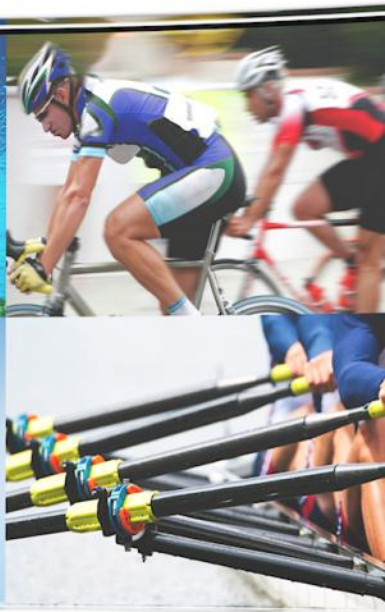
Yours faithfully



**Warren Coatsworth**  
Company Secretary



Australia's Olympic Network



SEVEN WEST MEDIA

Delivering the future of content.  
**Anywhere. Any Screen. Anytime.**

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# Agenda

FY16 Half Year Highlights

Performance and Outlook

Financials

Operating Divisions

- Television
- Digital
- Yahoo7
- The West Australian
- Pacific

Strategy

Q&A



# FY16 Half Year Highlights

## Operational

- Maintained leadership
- Launched live streaming
- Content production and program sales continuing strong growth
- Continued redefinition of the operating model

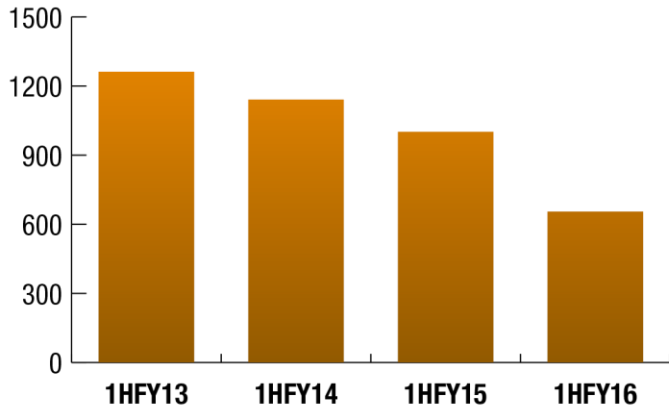
## Financial

- Full year guidance maintained
- Profit after tax of \$140.3m (excl. significant items) up 2.1% YoY
- Profit after tax of \$135.2m (incl. significant items)
- Tight operating cost control delivered a 4.0% reduction YoY
- EBIT of \$205.4m down 9.4% YoY. EBIT excluding associates down 4.3%
- Strong operating cashflows (before interest and tax) of \$187m
- Solid balance sheet with net debt of \$655m
- Group debt leverage ratio of 1.7x
- Disciplined on-market share buy back of up to \$75m
- Interim dividend of 4 cents per share fully franked

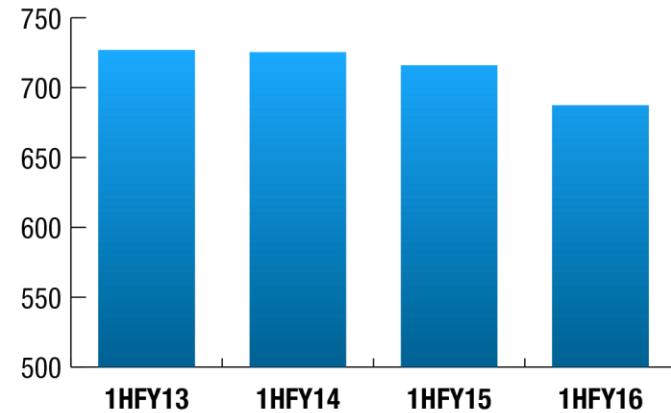


# FY16 Half Year Highlights

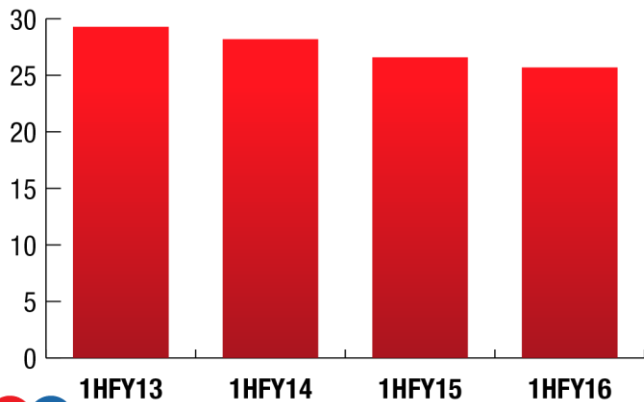
Net Debt (\$m's)



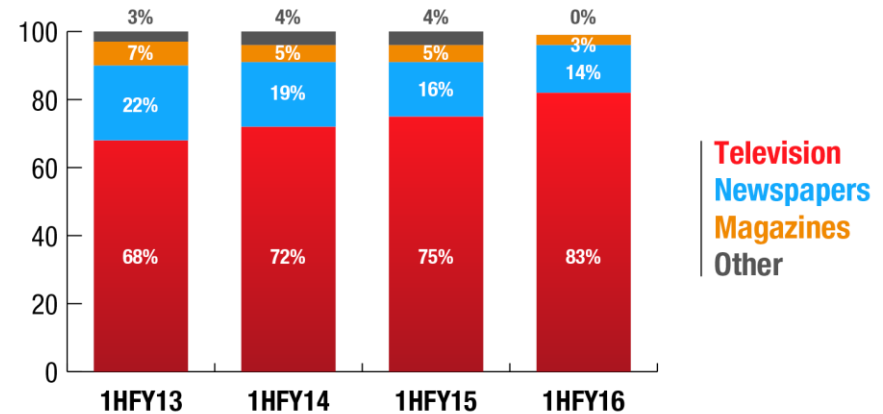
Total Group Costs (\$m's)



Group EBITDA Margin (%)



EBITDA as a % of the Group



# Performance & Outlook.

## Total Advertising Market: July 2015 - December 2015 +3.4%<sup>2</sup>

Year on year	TV <sup>1</sup>	Newspapers <sup>2</sup>	Magazines <sup>2</sup>	Digital <sup>2</sup>
Jul 14 - Dec 14	-3.0%	-8.2%	-9.5%	+15.0%
Jan 15 - Jun 15	+0.2%	-13.2%	-15.2%	+21.6%
<b>Jul 15 - Dec 15</b>	<b>-0.4%</b>	<b>-20.0%</b>	<b>-14.7%</b>	<b>+19.1%</b>

## Seven West Media Advertising Revenue:

Year on year	TV <sup>3</sup>	Newspapers	Magazines	Digital <sup>4</sup>
<b>Jul 15 - Dec 15</b>	<b>-5.8%</b>	<b>-14.8%</b>	<b>-15.5%</b>	<b>+94.9%</b>

## Outlook

- Television advertising market to be relatively flat year on year
- Publishing advertising market trends to continue in coming year
- Program sales and 3<sup>rd</sup> party productions to deliver double digit growth
- FY16 operating cost to be lower year on year (excluding third party commissions and events)
- Maintain guidance for underlying Group EBIT to be down approximately 10% on FY15

1. Source: Free TV Metro 2. Source: SMI 3. includes Regional QLD 4. excludes Yahoo7

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# Financials

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**7 NEWS**

**7** **7** SEVEN WEST MEDIA



# Key Group results

## Statutory results

	1HY16 \$m	1HY15 \$m
Profit / (Loss) before tax	178.6	(952.7)
Profit / (Loss) after tax	135.2	(993.6)
Basic EPS	9.0 cents	-98.6 cents
Diluted EPS	8.9 cents	-98.6 cents
<b>Proposed Interim FY16 dividend</b>	<b>4 cents</b>	<b>6 cents</b>

## 4 cents

Fully franked proposed interim  
FY16 dividend

## Additional Information

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

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
Profit after tax excluding significant items	140.3	137.5	2.1
Significant items (net of tax)	(5.1)	(1,131.1)	(99.6)
Profit after tax	135.2	(993.6)	113.6
Basic EPS	9.3 cents	13.6 cents	(31.9)
Diluted EPS	9.3 cents	10.9 cents	(14.9)

## \$140.3 million

profit after tax excluding  
significant items

# Consolidated SWM. Income Statement

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
Revenue and other income	896.7	934.7	(4.1)
Share of (loss) profit of equity accounted investees	(3.8)	8.3	-
Expenses (including depreciation)	(687.5)	(716.1)	(4.0)
<b>Profit before significant items, net finance costs and tax</b>	<b>205.4</b>	<b>226.9</b>	<b>(9.4)</b>
Net finance costs	(19.5)	(31.5)	(38.3)
<b>Profit before significant items and tax</b>	<b>185.9</b>	<b>195.4</b>	<b>(4.8)</b>
Significant items before tax	(7.3)	(1,148.1)	(99.4)
<b>Profit / (Loss) before tax</b>	<b>178.6</b>	<b>(952.7)</b>	<b>118.6</b>
Tax expense	(43.4)	(40.9)	6.2
<b>Profit / (Loss) after tax</b>	<b>135.2</b>	<b>(993.6)</b>	<b>113.6</b>
<b>Underlying Net Profit/ (Loss) after tax excluding significant items</b>	<b>140.3</b>	<b>137.5</b>	<b>2.1</b>

# Consolidated SWM. Cash flow

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>EBITDA</b>	<b>229.3</b>	<b>250.7</b>	<b>(8.5)</b>
Working capital and other movements	(46.1)	8.0	-
Redundancy and restructuring (significant items)	(2.8)	-	-
Dividends received net of share of associates profit	6.3	(6.3)	-
<b>Operating cash flows before interest and tax</b>	<b>186.7</b>	<b>252.4</b>	<b>(26.4)</b>
Net tax (paid)/received	(7.0)	17.7	(139.5)
Net finance costs paid	(17.2)	(28.8)	(40.3)
Net payment for property, plant & equipment and software	(12.7)	(22.4)	43.2
Dividends paid	(60.5)	(59.9)	1.0
Loans issued, proceeds and payments for investments	(6.4)	(1.2)	433.3
Share issue/(transaction costs)	(1.6)	-	-
Share buy back	(3.8)	-	-
<b>Net increase in cash and cash equivalents</b>	<b>77.5</b>	<b>157.8</b>	<b>(50.9)</b>
Opening net (debt)/cash	(732.8)	(1,158.5)	(36.7)
Change in unamortised refinancing costs	(0.2)	(1.2)	(83.3)
<b>Closing net (debt)/cash</b>	<b>(655.5)</b>	<b>(1,001.9)</b>	<b>(34.6)</b>

Note: Closing net debt, excluding unamortised refinancing costs is \$660.6m (Dec 14: \$1,008.4m). Closing unamortised refinancing costs are \$5.1m (Dec 14: \$6.5m)

# SWM. Net Debt

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Total Borrowings<sup>1</sup></b>	<b>811.5</b>	<b>1,223.5</b>	<b>(33.7)</b>
Cash	(155.9)	(221.6)	(29.7)
<b>SWM total net debt</b>	<b>655.5</b>	<b>1,001.9</b>	<b>(34.6)</b>
SWM LTM EBITDA	385.6	433.4	
SWM Total Leverage Ratio	1.7x	2.3x	
SWM Interest Cover Ratio	8.4x	6.7x	

Note 1: Total borrowings of \$811.5m are net of unamortised refinancing costs of \$5.1m (Dec 14: \$6.5m).

# Revenue Performance

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Revenue</b>			
Television	662.9	677.2	(2.1)
Newspapers	121.4	137.1	(11.4)
Magazines	106.0	114.1	(7.1)
Other Business and New Ventures <sup>1 2</sup>	2.5	13.8	(82.8)
Corporate <sup>2</sup>	0.1	0.8	(83.4)
	<b>892.9</b>	<b>943.0</b>	<b>(5.3)</b>
<b>Revenue as a % of Group</b>			
Television	74%	72%	
Newspapers	14%	15%	
Magazines	12%	12%	
Other Business and New Ventures	-	1%	
Corporate	-	-	

Note 1: Includes share of profit / (loss) of equity accounted investments.

Note 2: A reallocation of revenue and costs between "Other Business and New Ventures", "Corporate" and "Newspapers" occurred in June 2015. Comparatives have been restated to reflect the new segment structure.

# Group Costs and EBIT

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Costs <sup>1</sup></b>			
Television	477.5	495.4	(3.6)
Newspapers	97.4	106.2	(8.3)
Magazines	98.7	102.1	(3.3)
Other Business and New Ventures <sup>2</sup>	5.9	4.9	20.5
Corporate <sup>2</sup>	8.0	7.5	6.6
	<b>687.5</b>	<b>716.1</b>	<b>(4.0)</b>
<b>EBIT</b>			
Television	185.4	181.8	2.0
Newspapers	24.0	30.9	(22.3)
Magazines	7.3	12.0	(39.1)
Other Business and New Ventures <sup>2</sup>	(3.4)	8.9	(137.5)
Corporate <sup>2</sup>	(7.9)	(6.7)	(16.2)
	<b>205.4</b>	<b>226.9</b>	<b>(9.4)</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", "Corporate" and "Newspapers" occurred in June 2015. Comparatives have been restated to reflect the new segment structure.

# Divisional Performance. **Television**

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Revenue <sup>1</sup></b>			
Advertising	562.3	596.8	(5.8)
Affiliate fees, program sales and other	100.6	80.4	25.1
	<b>662.9</b>	<b>677.2</b>	<b>(2.1)</b>
<b>Costs</b>			
Revenue variable costs <sup>2</sup>	39.0	46.0	(15.2)
Depreciation and amortisation	12.2	10.8	12.7
Other costs	426.3	438.6	(2.8)
	<b>477.5</b>	<b>495.4</b>	<b>(3.6)</b>
<b>EBIT</b>	<b>185.4</b>	<b>181.8</b>	<b>2.0</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.

# Divisional Performance. Newspapers

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Revenue <sup>1</sup></b>			
Advertising	78.0	91.6	(14.8)
Circulation	28.6	31.5	(9.3)
Other	14.8	14.0	5.7
	<b>121.4</b>	<b>137.1</b>	<b>(11.4)</b>
<b>Costs <sup>1</sup></b>			
Depreciation & amortisation	10.7	10.8	(0.4)
Other costs	86.7	95.4	(9.2)
	<b>97.4</b>	<b>106.2</b>	<b>(8.3)</b>
<b>EBIT</b>	<b>24.0</b>	<b>30.9</b>	<b>(22.3)</b>
<b>Metro Circulation and readership</b>			
Average daily issues (000's) <sup>2</sup>	158	158	
Average weekend issues (000's) <sup>2</sup>	254	258	
Average daily readership (000's) <sup>3</sup>	583	625	
Average weekend readership (000's) <sup>3</sup>	621	665	

Note 1: A reallocation of revenue and costs between "Other Business and New Ventures", "Corporate" and "Newspapers" occurred in June 2015. Comparatives have been restated to reflect the new segment structure.

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



# Divisional Performance. Magazines

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Revenue</b>			
Circulation	67.1	70.9	(5.4)
Advertising	32.8	38.9	(15.5)
Other	6.1	4.3	41.9
	<b>106.0</b>	<b>114.1</b>	<b>(7.1)</b>
<b>Costs</b>			
Depreciation and amortisation	0.7	1.9	(62.3)
Other costs	98.0	100.2	(2.2)
	<b>98.7</b>	<b>102.1</b>	<b>(3.3)</b>
<b>EBIT</b>	<b>7.3</b>	<b>12.0</b>	<b>(39.1)</b>
<b>Circulation and readership</b>			
Total circulation share <sup>1</sup> (%)	36.0	34.8	
Readership market share <sup>2</sup> (%)	30.0	29.6	

Note 1: Source: AMAA from ABC (based on 15 audited titles).

Note 2: Source: emmaTM conducted by Ipsos MediaCT (based on 17 audited titles).

# Divisional Performance. Yahoo7

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Revenue</b>			
Advertising	42.2	39.3	7.4
Other	7.8	11.5	(32.2)
	<b>50.0</b>	<b>50.8</b>	<b>(1.6)</b>
<b>Costs</b>			
Depreciation and amortisation	2.2	2.3	(4.2)
Other costs	30.3	33.5	(9.6)
	<b>32.5</b>	<b>35.8</b>	<b>(9.2)</b>
<b>EBIT</b>	<b>17.5</b>	<b>15.0</b>	<b>16.7</b>
Monthly Active Users (m's) <sup>1</sup>	15.7	15.2	
Total video streams (m's) <sup>1 2</sup>	95.8	68.7	

Note 1: Source: Yahoo7

Note 2: Short form and Long form video streams

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

# Divisional Performance.

## Other Business and New Ventures

	1HY16 \$m	1HY15 \$m	Inc/(dec) %
<b>Revenue</b>			
Radio and other revenue	8.5	8.1	4.8
Yahoo7 share of net profit <sup>1</sup>	5.7	6.4	(11.6)
	<b>14.2</b>	<b>14.5</b>	<b>(2.1)</b>
<b>Costs</b>			
Depreciation and amortisation	0.3	0.4	(35.5)
Other costs	5.6	4.5	25.4
	<b>5.9</b>	<b>4.9</b>	<b>20.5</b>
<b>EBIT excluding early stage investments</b>	<b>8.3</b>	<b>9.6</b>	<b>(14.2)</b>
Early stage investments share of net losses	(11.7)	(0.7)	-
<b>EBIT</b>	<b>(3.4)</b>	<b>8.9</b>	<b>(137.5)</b>

Note 1: On a normalised basis excluding one-offs, Yahoo7 NPAT is higher year on year

Note: A reallocation of revenue and costs between "Other Business and New Ventures", "Corporate" and "Newspapers" occurred in June 2015. Comparatives have been restated to reflect the new segment structure.

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# Operating Divisions

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presto

*Home and Away*  
AN EYE FOR AN EYE

 SEVEN WEST MEDIA

# Television

9th consecutive year of leadership

## 1H FY16 review

- #1 Network in revenue and ratings share<sup>1</sup>
- 11 of the top 20 programs are on Seven<sup>2</sup>
- Primetime lead-in improvements (The Chase Australia)
- Seven News gaining share from 2Q
- Seven leads in Drama
  - Peter Allen: Not the Boy Next Door, 800 Words and Home & Away
- Positive indications from Government on license fees
- Exploring cost saving opportunities with peers
- Launching 7flix – a new FTA channel focused on premium movies and drama content



The Chase Australia logo features the word 'CHASE' in a large, stylized, metallic font with a red and white gradient. Below it, the word 'AUSTRALIA' is written in a smaller, white, sans-serif font on a dark purple rectangular background.



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

# *The new channel with the perfect mix...*

*> Starts*  
**Sunday  
Feb 28**

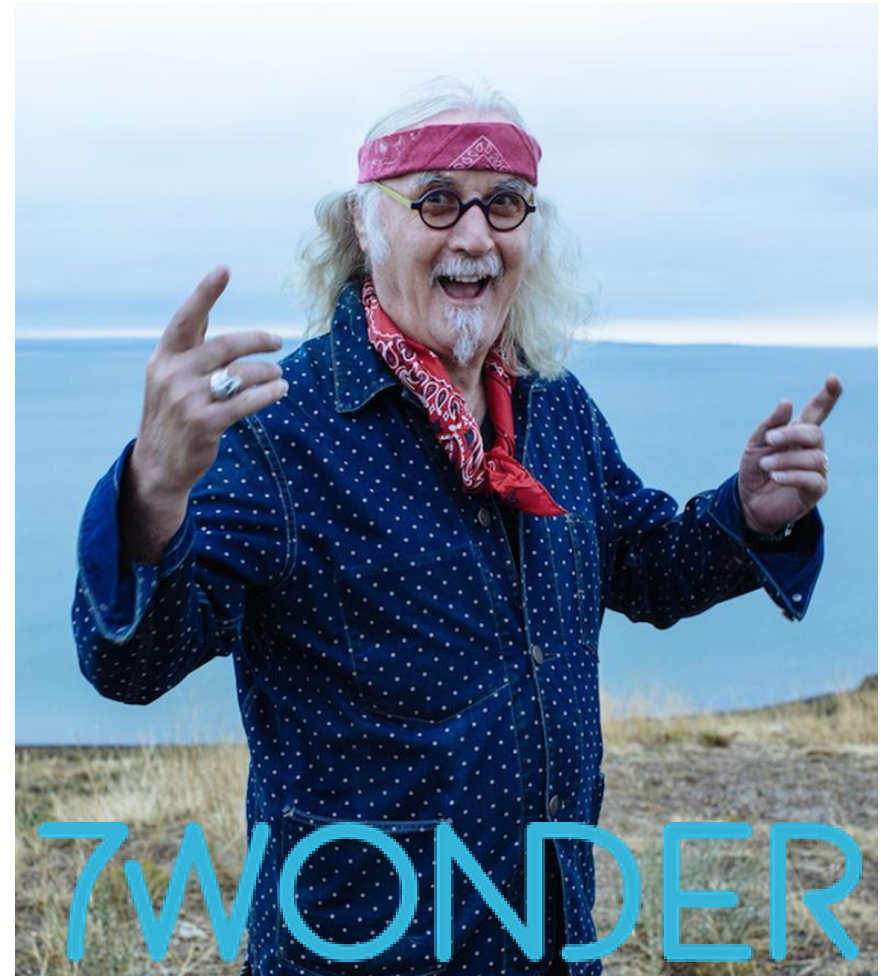


# Television

## Content at the core

### 1H FY16 review

- Program sales and 3<sup>rd</sup> party productions +99% YoY
- MKR commissioned in the US and UK (Channel 4)
- New 3<sup>rd</sup> party commissions secured;
  - Home and Away An Eye for an Eye
  - A Place to Call Home
  - Boy to Man
  - My Kitchen Rules
  - My Lottery Dream House
  - Billy Connolly Tracks Across America
  - People's History of Pop
  - Do You Know?
- 7Productions, 7Wonder and 7Beyond now producing over 670 hours of scripted, factual, kids and reality programming per annum



# Digital

Content. Anywhere. Any screen. Anytime.

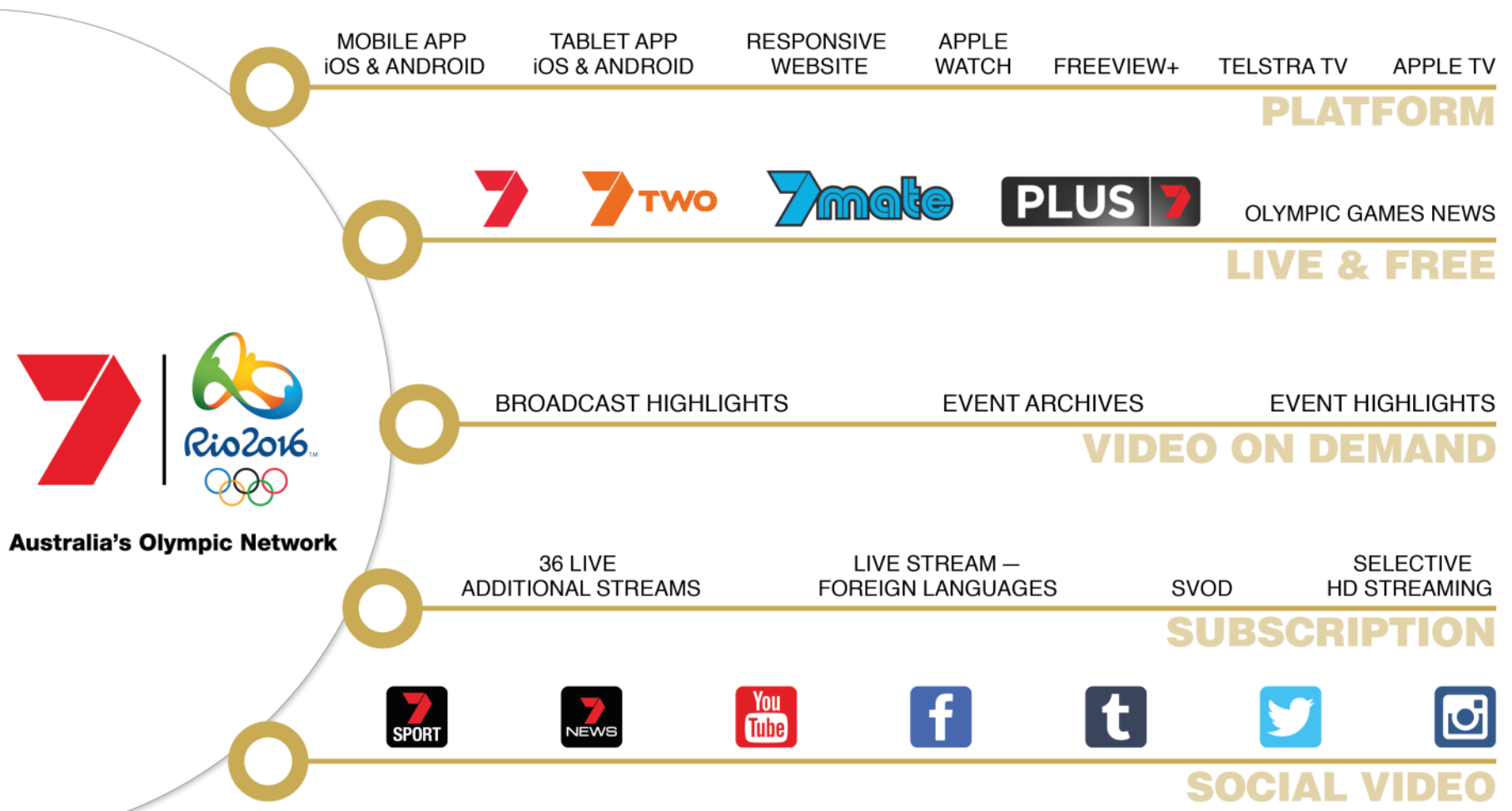
## 1H FY16 review

- Plus7 video streams up 34% to 30.1m YoY
- Presto SVOD subscriber growth strong with subs up 210% in 1HFY16
- Launched live 24/7 streaming of 7, 7mate, 7TWO and Racing.com
  - Melbourne Cup day +488k streams
  - Australian Open 7.4m streams +67% YoY<sup>1</sup>
  - Almost 10m live streams in first 15 weeks
- Oztam Digital Video Player Measurement (VPM) in market
- Racing.com and Racing Victoria JV well received by advertisers and consumers
- Freeview Plus adoption growing with all major manufacturers now on board



Note 1: Source: Nielsen





# Yahoo7

Market leading expertise in ad tech and data

## 1H FY16 review

- MAVENS (Mobile Video Native Social) strategy driving growth
- MAVENS represents >50% of revenue
- Total Video streams +40% YoY
  - News video streams +96%
- Native advertising revenue up 400% YoY
- Strong demand from 3<sup>rd</sup> party publishers for ad tech
- Traditional display advertising conditions softer
- Headcount reduction delivering cost savings



Note: Source: Yahoo7

# The West Australian

News for Western Australians. Anywhere. Anytime.

## 1H FY16 review

- WA economy remains challenging, but outperforming peers
- Over 500,000 online audience every month
- Social audience +30% YoY
- Our digital editions increased 350%, supporting circulation
- Classifieds remain challenging
- Expansion of live events capability
- Ongoing cost management with costs down 8.3% YoY
- New initiatives underway to further monetise audience



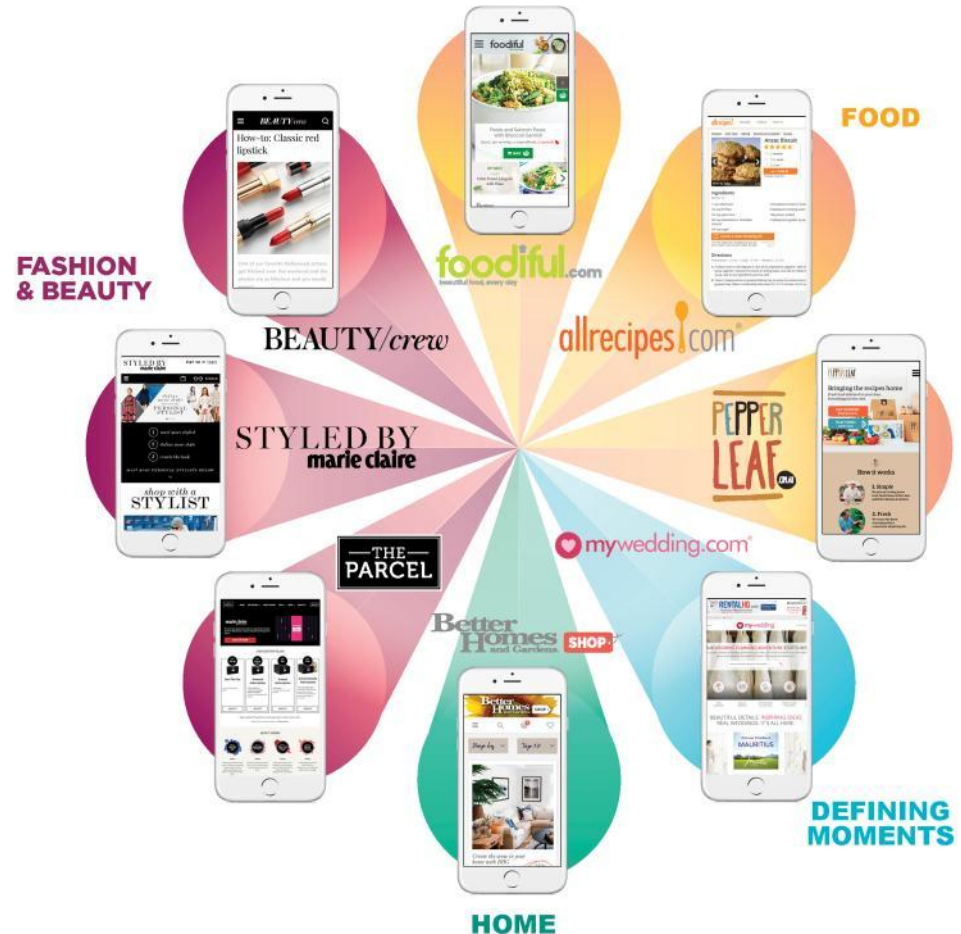
Note: Source: Nielsen Online Ratings December 2015, People 14+ only.

# Pacific

## Growing audience reach and engagement

### 1H FY16 review

- Growing share vs closest peer
- Digital transformation underway
- Social and digital audience (+68%) to 12.9m
- Increased digital investment including:
  - Launching new services (eCommerce, Social)
    - Beauty/crew
    - Styled by marie claire
    - foodiful.com
    - Pepperleaf.com
    - allrecipes.com
    - mywedding.com
- Cost program to deliver further efficiencies



Social media figures as at 5 January 2016 . Includes footprint across Facebook, Twitter, Instagram, Tumblr, Pinterest and YouTube; Nielsen NetView Hybrid. December 2015; Google Analytics December 2015)

Strategy & Outlook

# Strategy & Outlook



 **TENNIS**

 SEVEN WEST MEDIA

# Strategy & Outlook

## Content ownership

- Extraordinary coverage of the Rio 2016 Olympics and Paralympics
- Rapidly extend the content production/distribution network
- Enhance content offering for key demographics

## Grow audience

- Drive audience growth organically and through acquisition
- Accelerate mobile products to extend reach and frequency
- Invest in data and partnerships to generate deep consumer insights

## Diversify earnings

- Build new revenue streams through transactional capability
- Deliver Military Tattoo and accelerate live events business
- Leverage power of SWM assets to build new revenue streams
- Maintain guidance

## Transform how we work

- Monetising new combined broadcast, digital and social ecosystem
- Automation of advertising booking and content delivery systems
- Drive efficiencies and simplification through our 'Transformation Office'
- Affect a one company culture; embracing disruption and innovation



## Australia's Olympic Network

# Q & A

