



SEVEN WEST MEDIA

ABN 91 053 480 845

Delivering world class media content



presto



The West
Australian



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Agenda

- FY16 Full Year Highlights
- Performance and Outlook
- Financials
- Operating Divisions
 - Seven
 - Digital
 - The West
 - Pacific
 - Yahoo7
- Strategy
- Q&A

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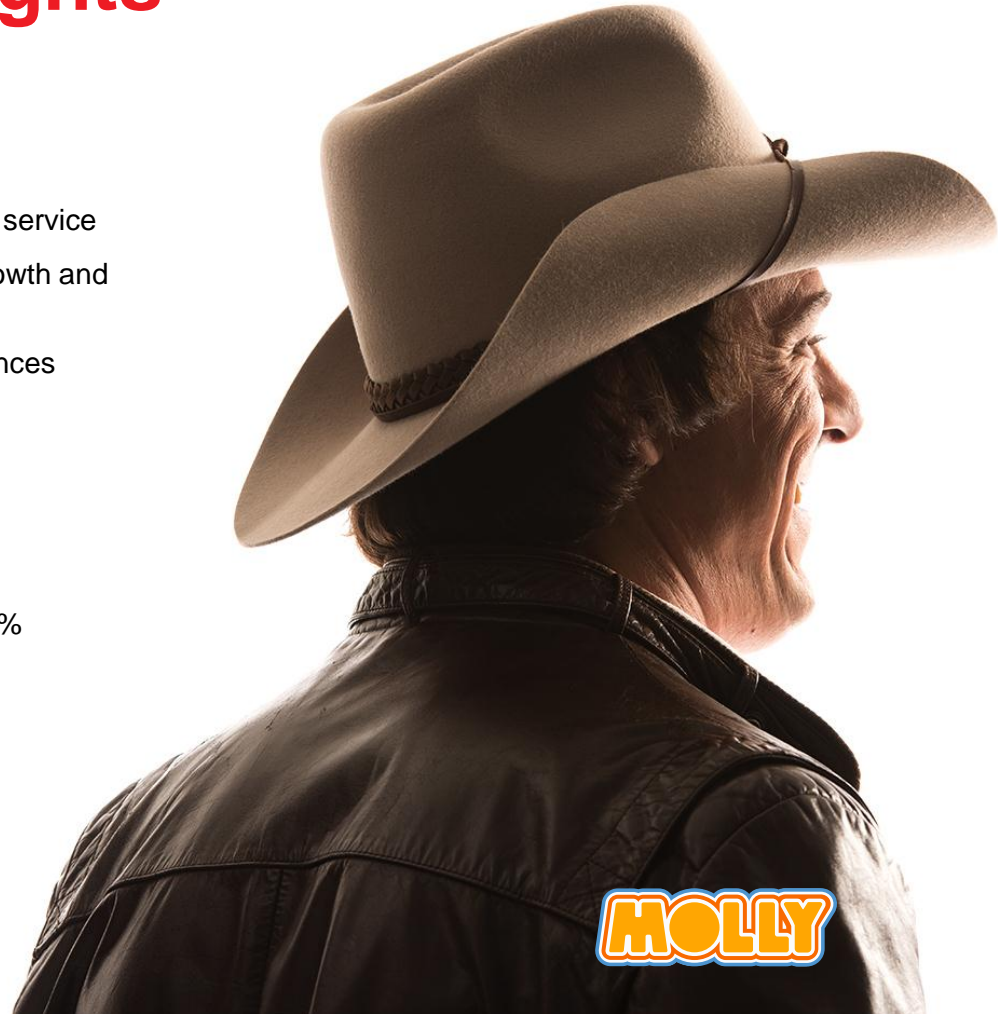
FY16 Full Year Highlights

Operational

- 10th consecutive year of TV leadership
- #1 Live streaming broadcaster and #1 commercial catch-up service
- Content production and program sales continuing strong growth and increasing global presence
- Launch of new digital products using the reach of our audiences
- Operating model continues to evolve

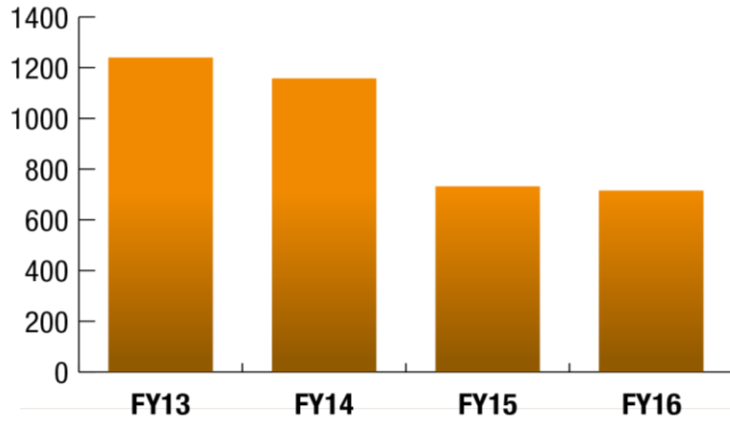
Financial

- Full year guidance delivered
- Profit after tax of \$207.3m (excl. significant items) down 0.9%
- Profit after tax of \$184.3m (incl. significant items)
- Tight operating cost control delivered a 1.6% reduction
- EBIT of \$318.1m down 10.7%. EBIT excluding early stage investments down 7.3%
- Operating cashflows (before interest and tax) of \$274.7m
- Group debt leverage ratio of 2.0x
- Final dividend of 4 cents per share fully franked

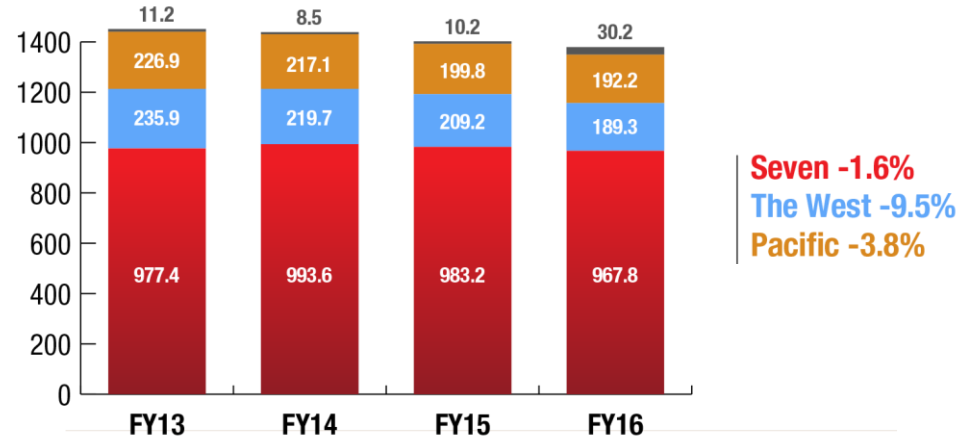


FY16 Full Year Highlights

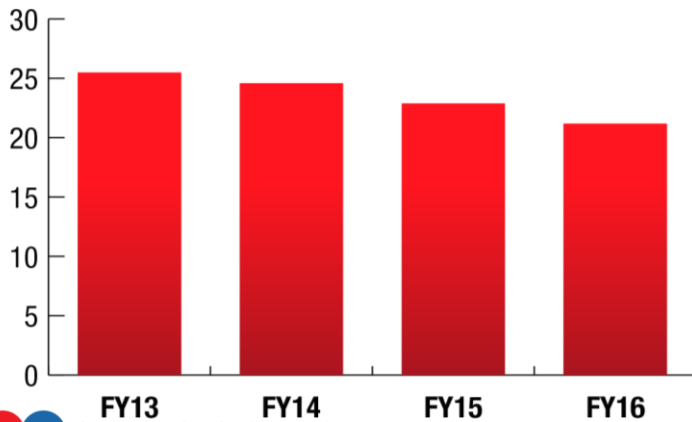
Net Debt (\$m)



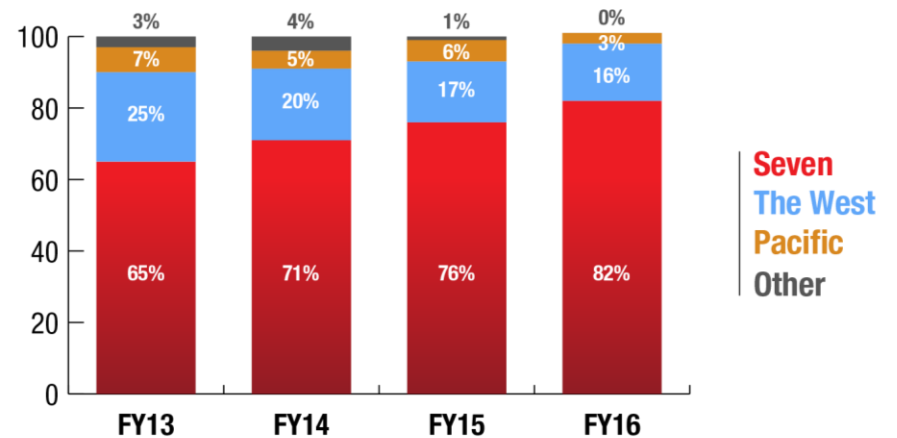
Operating Costs (\$m)



Group EBITDA Margin (%)



EBITDA as a % of the Group



Performance & Outlook

Total Advertising Market: July 2015 – June 2016 +3.4%²

Year on year	TV ¹	Newspapers ²	Magazines ²	Digital ²
Jul 15 - Dec 15	-0.4%	-20.0%	-14.7%	+19.1%
Jan 16 – Jun 16	-3.9%	-9.0%	-19.7%	+12.8%
FY16	-2.0%	-14.6%	-15.7%	+18.7%

Seven West Media Advertising Revenue:

Year on year	TV ³	Newspapers	Magazines	Digital ⁴
Jul 15 – Jun 16	-5.8%	-16.5%	-16.8%	+55.6%

Outlook

- Olympics to underpin robust Television market share growth
- Television advertising market to be flat to down low single digits year on year
- Full year publishing advertising market trends to continue in coming year
- Program sales and 3rd party productions to deliver greater than 25% growth, strengthening our position for the future
- Digital to deliver greater than 150% revenue growth
- Group operating costs growth of around CPI including AFL (excluding Olympics and third party commissions)
- Group EBIT to be down approximately 15-20% year-on-year

1. Source: Free TV Metro 2. Source: SMI 3. includes Regional QLD 4. SWM owned & operated revenue

Financials

Home and Away

 SEVEN WEST MEDIA

Key Group results

Statutory results

	FY16 \$m	FY15 \$m
Profit / (Loss) before tax	247.4	(1,827.2)
Profit / (Loss) after tax	184.3	(1,887.4)
Basic EPS	12.2 cents	-181.1 cents
Diluted EPS	12.2 cents	-181.1 cents
Proposed Final FY16 dividend	4 cents	4 cents

4 cents

Fully franked final
FY16 dividend

Additional Information

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

	FY16 \$m	FY15 \$m	Inc/(dec) %
Profit after tax excluding significant items	207.3	209.1	(0.9)
Significant items (net of tax)	(23.1)	(2,096.5)	-
Profit after tax	184.3	(1,887.4)	-
Basic EPS	13.7 cents	20.1 cents	(31.7)
Diluted EPS	13.7 cents	16.0 cents	(14.4)

\$207.3m

profit after tax excluding
significant items

Consolidated SWM. Income Statement

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue and other income	1,726.6	1,771.3	(2.5)
Share of (loss) / profit of equity accounted investees	(12.8)	3.4	(476.5)
Expenses (including depreciation)	(1,395.7)	(1,418.3)	(1.6)
Profit before significant items, net finance costs and tax	318.1	356.3	(10.7)
Net finance costs	(37.8)	(60.7)	(37.8)
Profit before significant items and tax	280.3	295.6	(5.2)
Significant items before tax	(32.9)	(2,122.8)	(98.4)
Profit / (Loss) before tax	247.4	(1,827.2)	113.5
Tax expense	(63.1)	(60.2)	4.8
Profit / (Loss) after tax	184.3	(1,887.4)	109.8
Underlying Net Profit after tax excluding significant items	207.3	209.1	(0.9)

Consolidated SWM. Cash Flow

	FY16 \$m	FY15 \$m	Inc/(dec) %
EBITDA	363.5	407.0	(10.7)
Working capital and other movements	(92.0)	(62.1)	48.1
Redundancy and restructuring (significant items)	(7.5)	(11.0)	(31.8)
Dividends received net of share of associates profit/(loss)	10.7	15.1	(29.5)
Operating cash flows before interest and tax	274.7	349.0	(21.3)
Tax paid, net of refund	(40.4)	(6.8)	496.1
Net finance costs paid	(33.4)	(59.2)	(43.5)
Net payment for property, plant & equipment and software	(31.7)	(40.3)	(21.2)
Dividends paid	(120.9)	(119.8)	0.9
Loans issued, proceeds and payments for investments	(24.8)	(3.2)	(671.9)
Share issue/ (transaction costs)	(1.7)	308.2	100.5
Share buy back	(3.8)	-	100.0
Net increase in cash and cash equivalents	18.0	427.9	(95.8)
Opening net (debt)/ cash	(732.9)	(1,158.5)	(36.7)
Change in unamortised refinancing costs	(1.1)	(2.3)	(52.2)
Closing net (debt)/ cash	(716.0)	(732.9)	(2.3)

Consolidated SWM. Net Debt

	FY16 \$m	FY15 \$m	Inc/(dec) %
Total Borrowings¹	810.8	874.6	(7.3)
Cash	(94.8)	(141.8)	(33.2)
SWM total net debt	716.0	732.9	(2.3)
SWM LTM EBITDA	363.5	407.0	(10.7)
SWM Total Leverage Ratio	2.0x	1.8x	
SWM Interest Cover Ratio	10.8x	6.9x	

Note 1: Total borrowings of \$810.8m are net of unamortised refinancing costs of \$4.2m (Jun 15: \$5.3m).

Revenue Performance

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue			
Seven	1,259.5	1,279.2	(1.5)
The West	228.5	260.9	(12.4)
Pacific	201.2	220.1	(8.6)
Other Business and New Ventures ¹	24.6	13.6	81.2
Corporate	-	0.8	(100.0)
	1,713.8	1,774.7	(3.4)
Revenue as a % of Group			
Seven	73%	72%	
The West	13%	15%	
Pacific	12%	12%	
Other Business and New Ventures	2%	1%	
Corporate	-	-	

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

Group Costs and EBIT

	FY16 \$m	FY15 \$m	Inc/(dec) %
Costs ¹			
Seven	967.8	983.2	(1.6)
The West	189.3	209.2	(9.5)
Pacific	192.2	199.8	(3.8)
Other Business and New Ventures	30.2	10.1	-
Corporate	16.2	16.0	(1.0)
	1,395.7	1,418.4	(1.6)
EBIT			
Seven	291.7	296.0	(1.4)
The West	39.2	51.7	(24.3)
Pacific	9.0	20.3	(55.6)
Other Business and New Ventures	(5.6)	3.5	-
Corporate	(16.2)	(15.2)	6.6
	318.1	356.3	(10.7)

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

Divisional Performance. **Seven**

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue			
Advertising ¹	1,053.1	1,118.1	(5.8)
Affiliate fees and Other revenue	118.8	115.5	3.0
Program Sales and Third Party Productions	87.6	45.6	91.9
	1,259.5	1,279.2	(1.5)
Costs			
Revenue variable costs ²	61.5	80.4	(23.6)
Depreciation and amortisation	22.1	25.2	(12.2)
Other costs	884.2	877.6	0.8
	967.8	983.2	(1.6)
EBIT	291.7	296.0	(1.4)

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. The West

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue			
Advertising	144.6	173.0	(16.5)
Circulation	55.9	61.4	(9.0)
Other	28.0	26.5	5.8
	228.5	260.9	(12.4)
Costs			
Depreciation and amortisation	21.3	21.5	(1.1)
Other costs	168.0	187.7	(10.5)
	189.3	209.2	(9.5)
EBIT	39.2	51.7	(24.3)
Metro Circulation			
Average daily issues (000's) ¹	145	157	
Average weekend issues (000's) ¹	241	258	

Note 1: Source: ABC

Divisional Performance. Pacific

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue			
Circulation	131.4	141.5	(7.1)
Advertising	56.5	67.9	(16.8)
Other	13.3	10.7	24.3
	201.2	220.1	(8.6)
Costs			
Depreciation and amortisation	1.5	3.2	(54.5)
Other costs	190.7	196.6	(3.0)
	192.2	199.8	(3.8)
EBIT	9.0	20.3	(55.6)
Digital Audience (m) ¹	4.3	1.7	
Social Media Audience (m) ²	13.0	6.8	
Magazine Readership (m) ³	6.9	7.5	

Note 1: Source: Nielsen NetView Hybrid. May 2016; Google Analytics May 2016

Note 2: Source: Social media figures as at 7 July 2016. Includes footprint across Facebook, Twitter, Instagram, Tumblr, Pinterest and YouTube

Note 3: Source: emmaTM conducted by Ipsos MediaCT May 2016 (based on 15 audited titles)

Divisional Performance. Yahoo7

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue			
Advertising	77.2	78.2	(1.3)
Other	14.5	21.4	(32.2)
	91.7	99.6	(8.0)
Costs			
Depreciation and amortisation	4.5	4.6	1.2
Other costs	60.8	67.6	(10.1)
	65.3	72.1	(10.0)
EBIT	26.4	27.5	(4.0)
Monthly Active Users (m's) ¹	15.8	15.5	
Total video streams (m's) ^{1 2}	207.0	135.0	

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

	FY16 \$m	FY15 \$m	Inc/(dec) %
Revenue			
Radio	9.2	9.9	(7.3)
Yahoo7 Share of NPAT	8.8	11.1	(20.7)
RED Live	24.2	0.3	-
Other revenue	6.3	5.0	42.0
	48.5	26.3	84.4
Costs			
Depreciation and amortisation	0.5	0.8	(38.1)
RED Live	18.9	1.0	-
Other costs	10.8	8.3	30.1
	30.2	10.1	(199.7)
EBIT excluding early stage investments	18.3	16.2	13.0
Early stage investments share of net losses	(23.9)	(12.7)	(88.2)
EBIT	(5.6)	3.5	(262.1)

Operating Divisions

A
PLACE^{TO}
CALL
HOME



Seven

Decade of dominance

FY16 review

- #1 Network in revenue and ratings share ¹
- 12 of the top 20 regular programs are on Seven ²
- Historic demographic profile in CY16 YTD²
- Seven secures #1 position in News for CY16 YTD
- Seven Year Switch/Wanted/First Dates, all new shows, all returning
- 7Flix launched and now delivering 2.8% share
- Seven leads in Drama
 - Peter Allen: Not the Boy Next Door, Molly, 800 Words, Wanted and Home & Away
- Licence fee cut with further reductions required
- Operating costs reduced for fourth straight year
- Portfolio of huge live events secured out to Tokyo Olympics 2020 with an option to extend

Note 1: Source: FreeTV, Ozdam Note 2: Source Ozdam



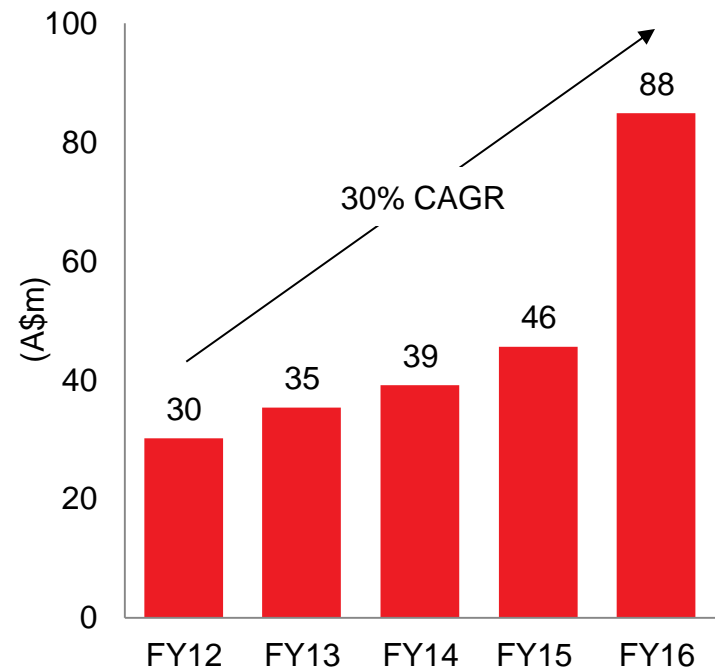
Seven Productions

Storytelling at the heart

FY16 review

- Program sales and 3rd party productions up 92%
- MKR US and UK productions completed with further commissions in other territories
- 23 commissions secured this year, including Border Security US
- Advanced stages on three international production company opportunities
- 7Productions, 7Wonder and 7Beyond now producing over 750 hours of scripted, factual, kids and reality programming per annum
- Production investment in Beat Bugs for Netflix

Third Party Production and Program Sales Revenue



Seven Digital

Powerful video driving unprecedented audiences

FY16 review

- Core focus on Social, Mobile, Video and eCommerce across Seven Network, Pacific and The West digital properties
- Presto SVOD subscriber growth with subs up 193% in FY16
- 7 originated content distributed across all screens and social platforms
- Grown digital distribution content
- Launched live 24/7 streaming of 7, 7mate, 7TWO and Racing.com
- Launch of new digital products: 7Sync, 7Everywhere, 7Live and 7Audiences
- Highest rating commercial broadcaster on all platforms including digital
- Over 15m live streams since November launch of 24/7 live streams



7Olympic Games in Summary



The West

FY16 review

- WA economy continues through a transition period. The West continues to outperform its peers
- Ongoing cost management with costs down 10%
- Online audience of over 700,000 every month
- Digital editions increased 270%, supporting circulation
- The West Australian increased weekly readership year-on-year to over 1 million readers per week ¹
- Launch of The Game, Seven West Travel Club and acquisition of Tri Events
- New initiatives underway to further monetise audience, including a greater focus on short form video
- Acquisition of The Sunday Times/perthnow awaiting ACCC approval

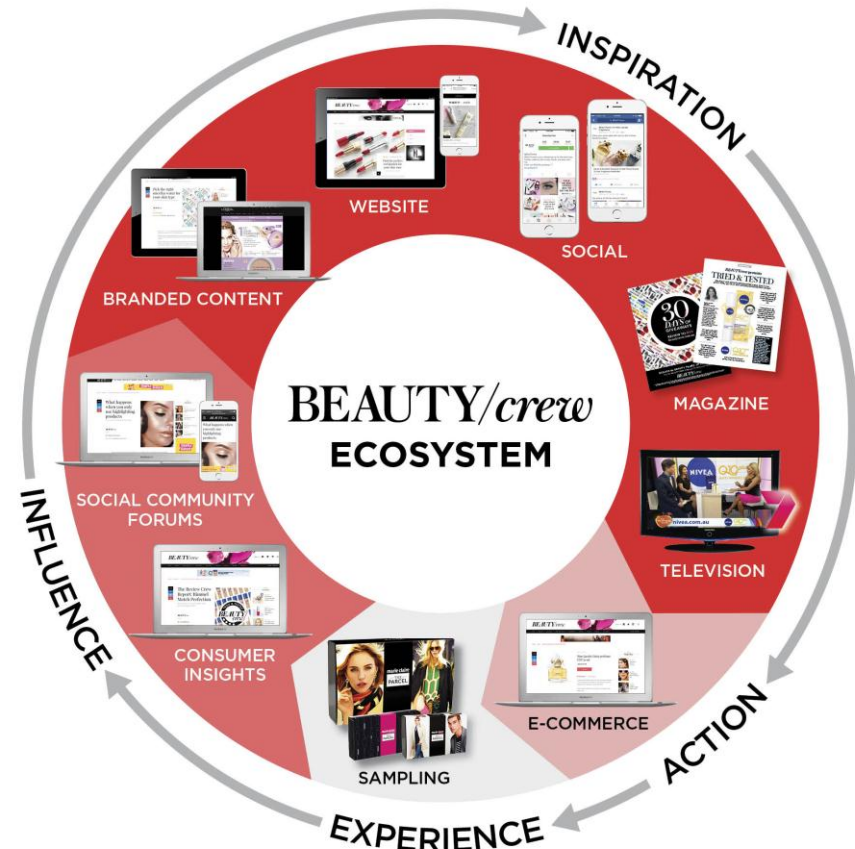
Note 1: Source: EMMA



Pacific

FY16 review

- Pacific's transformation accelerating
- Advertising and circulation trends challenging
- Ongoing cost-out imperative to deliver efficiencies and material earnings growth.
- Significant investment in team, technology, training and product
- Digital transformation process accelerating with asset control transitioned from Yahoo7 to Pacific
- 12 new mobile-first websites for existing brands launched on Pacific platform
- New product launches: Beauty Crew, Foodiful, Styled By marie claire
- Digital revenue growth at 90% and accelerating



Yahoo7

FY16 review

- Strategic options under consideration relating to Verizon's proposed acquisition of Yahoo Inc.
- Yahoo7 strategy maintained with core focus on MAVENS strategy (Mobile Video Native Social)
 - MAVENS represents >50% of revenue
 - Total Video streams +53%
 - News video streams +86%
 - Native advertising revenue +88%
- Traditional display advertising conditions remain under pressure
- Strong demand from 3rd party publishers for native ad-tech
- Plus7 long form video streams up 38% to 65m

YAHOO!7

7
SPORT

7
NEWS

PLUS 7

Be



Digital Products & Investments

- New digital initiatives and investment focused on leveraging the power and reach of our media assets
- Target verticals – Media, Lifestyle, Health, Wealth, and Travel
- Strategic investments and digital initiatives creating significant value
- A number of attractive opportunities identified and progressing for FY17F

MEDIA



LIFESTYLE



HEALTH



WEALTH





Strategy & Outlook

Strategy & Outlook

- Deliver the most extensive coverage of the Olympics and all our secured big live events for consumers and our advertising partners
- Grow content production presence in Asia, Europe, US and build on successes in Australia
- Enhance the distribution model for our content and drive greater monetisation
- Continue to build our digital future
- Transform the way we work, re-positioning the business for growth
- Identify and leverage the power and reach of our assets to build and invest in new disruptive models
- Strategic review underway



Q&A



Australia's Olympic Network