
Delivering world class content everywhere



SEVEN WEST MEDIA

ABN 91 053 480 845

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Agenda

Performance & Outlook

Financials

Operating Performance

Strategy Update

Q&A



Maintain Leadership



Focus

- › Maintain leadership in all core markets
- › Monetise strong audience performance
- › Leverage the strength of our content and brands to establish leadership in new markets



Milestones achieved

- #1 22nd consecutive half of TV ratings and revenue leadership**
- #1 Highest operating margin of any Australian FTA TV business**
- #1 in all key broadcast TV demographics**
- #1 Commercial catch-up TV app in terms of audience**
- #1 Market share of 45% for advertising revenue from long-form on-demand and live digital video**
- #1 Portfolio of publishing assets in core markets**

Source: OzTam; KPMG/Free TV; Think TV

Redefine the Operating Model



Focus

- › Multiplatform content teams
- › Drive greater utilisation of content across assets to maximise SWM and client outcomes
- › Leverage technology to drive greater efficiencies



Milestones achieved

- ✓ Multiplatform delivery of major premium content
- ✓ Group operating costs down \$20m incl. AFL (excl. Olympics, licence fees and 3rd party commissions)
- ✓ Implementation of Pacific's content everywhere strategy drove 15% cost reduction
- ✓ The Sunday Times and PerthNow acquisition driving greater returns from existing The West assets
- ✓ Re-negotiated Yahoo7 to better support Total Video strategy

Fuel New Growth



Focus

- › Expand content production capabilities domestically and overseas
- › Leverage scale of SWM's total audiences to accelerate new revenue streams and investments
- › Capitalise on digital innovation and new investments



Milestones achieved

- ↗ Largest TV production company in Australia with 11% growth in global commissions and program sales
- ↗ Digital advertising revenue increased by >100% YoY
- ↗ Rapid, low-cost deployment of new digital products
- ↗ Achieved 50% payback from Sunday Times in first 7 months
- ↗ Ventures investment portfolio value increased 107% to \$83m

FY17 Full Year Performance & Outlook

Performance:

- › Business transforming despite challenging market conditions
- › Underlying EBIT of \$261.4m down 17.8%, versus guidance of down approximately 20.0%
- › Operating expenses (excl. Olympics and 3rd party productions) down 5.3% YoY
- › \$35m licence fee reduction in the financial year
- › Profit after tax of \$166.8m (excl. significant items)
- › Significant items of \$988.8m (excl. tax) driven by revised market growth assumptions impacting carrying values for Television, Newspaper, Magazine and Yahoo7 business units
- › Statutory loss after tax of \$745.0m (incl. significant items)
- › Final dividend of 2cps (fully franked)

Outlook:

- › Expect broadcast metro market to outperform FY17 trend and targeting increased share
- › Seven Studios growth to outperform current year
- › Publishing trends to continue, partially offset by digital growth
- › Digital revenue growth forecast to double in FY18
- › Cost savings to more than offset AFL uplift in FY18
- › Expect FY18 Underlying Group EBIT to be 5% lower than FY17
- › Further \$50m cost savings from one-off events to be delivered in FY19 vs FY18

Financials

A promotional photograph for the television show 'Home and Away'. It features four main cast members: a woman in a red top and black skirt, a man in a blue button-down shirt, a man in a purple t-shirt, and a man in a red plaid shirt crouching next to a brown and white dog. They are standing outdoors near a body of water with a coastline in the background. The title 'Home and Away' is written in large, orange, stylized letters at the bottom of the image.

Home and Away

Key Group Results

Statutory results

	FY17 \$m	FY16 \$m	Inc/(Dec) %
(Loss)/profit before tax	(766.0)	247.4	n/a
(Loss)/profit after tax	(745.0)	184.3	n/a
Basic EPS	(49.4 cents)	12.2 cents	
Diluted EPS	(49.4 cents)	12.2 cents	
Final dividend	2 cents	4 cents	

Additional information

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

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Underlying group EBIT	261.4	318.1	(17.8)
Profit after tax excluding significant items	166.8	207.3	(19.5)
Significant items (net of tax)	(911.8)	(23.1)	nm ¹
(Loss)/profit after tax	(745.0)	184.3	n/a
Basic EPS	11.1 cents	13.7 cents	(19.0)
Diluted EPS	11.1 cents	13.7 cents	(19.0)

Note 1: "nm" means 'not meaningful'

Consolidated SWM Income Statement

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Revenue and other income	1,679.0	1,726.6	(2.8)
Share of profit / (loss) of equity accounted investees	0.4	(12.8)	n/a
Expenses (including depreciation)	(1,418.0)	(1,395.7)	1.6
Profit before significant items, net finance costs and tax	261.4	318.1	(17.8)
Net finance costs	(38.6)	(37.8)	2.1
Profit before significant items and tax	222.8	280.3	(20.5)
Significant items before tax	(988.8)	(32.9)	nm
(Loss) / profit before tax	(766.0)	247.4	n/a
Tax benefit / (expense)	21.0	(63.1)	n/a
(Loss) / profit after tax	(745.0)	184.3	n/a
Underlying net profit after tax excluding significant items	166.8	207.3	(19.5)

Consolidated SWM Cash Flow

	FY17 \$m	FY16 \$m	Inc/(Dec) %
EBITDA	306.7	363.5	(15.6)
Working capital and other movements	(64.8)	(92.0)	(29.6)
Redundancy and restructuring (significant items)	(20.8)	(7.5)	177.3
Dividends received net of share of associates profit / (loss)	5.8	10.7	(45.8)
Operating cash flow before interest and tax	226.9	274.7	(17.4)
Tax paid, net of refund	(56.4)	(40.4)	39.6
Net finance costs paid	(36.6)	(33.4)	9.6
Net payment for property, plant & equipment and software	(30.1)	(31.7)	(5.0)
Dividends paid	(90.4)	(120.9)	(25.2)
Loans issued, proceeds and payments for investments	(22.1)	(24.8)	(10.9)
Share issue / (transaction costs)	0.6	(1.7)	n/a
Share buy back	-	(3.8)	n/a
Net increase / (decrease) in net (debt) cash	(8.1)	18.0	n/a
Opening net (debt) cash	(716.0)	(732.9)	(2.3)
Change in unamortised refinancing costs	(1.6)	(1.1)	45.5
Closing net (debt) cash	(725.7)	(716.0)	1.4

Consolidated SWM Net Debt

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Total borrowings¹	795.2	810.8	(1.9)
Cash	(69.5)	(94.8)	26.7
SWM total net debt	725.7	716.0	1.4
SWM LTM EBITDA	306.7	363.5	(15.6)
SWM total leverage ratio	2.4x	2.0x	
SWM interest cover ratio	8.9x	10.8x	

Note 1: Total borrowings of \$795.2m are net of unamortised refinancing costs of \$4.8m (Jun 16: \$4.2m).

Significant Items

	FY17 \$m	FY16 \$m
Impairment of Television intangible assets ¹	(435.8)	-
Impairment of The West intangible assets	(61.6)	-
Impairment of Pacific intangible assets	(61.4)	-
Impairment of equity accounted investees ³	(179.5)	-
Impairment of fixed and other assets	(96.9)	-
Total impairment	(835.2)	-
Onerous contracts ^{1,2}	(139.6)	-
Redundancy and restructure costs	(6.9)	(32.9)
Net loss on disposal of investments	(7.1)	-
Total significant items before tax	(988.8)	(32.9)
Tax benefit	77.0	9.9
Net significant items after income tax	(911.8)	(23.1)

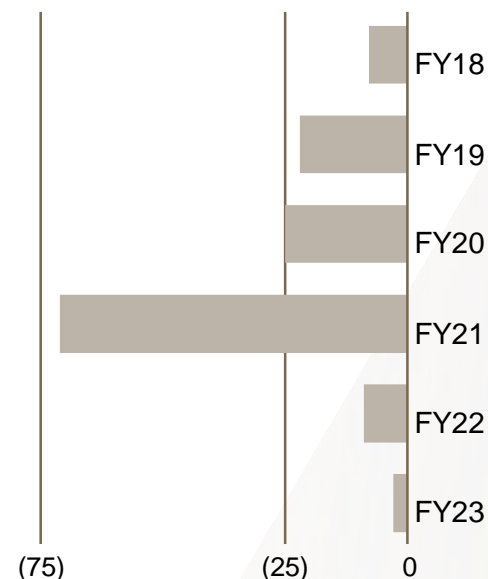
1

Softer FTA market conditions has prompted a revision on growth assumptions for the market outlook

2

Related to the write down of legacy US output deals and one off sporting events based on softer FTA market outlook

Onerous contracts by year \$m



3

Impact of the renegotiated Yahoo7 JV and transition of long-form content to SWM's 100%-owned OTT platform

Divisional Performance **Seven**

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Revenue			
Broadcast and digital advertising, affiliate fees and other revenue ¹	1,183.7	1,171.9	1.0
Seven Studios (production and distribution)	97.3	87.6	11.0
Revenue	1,281.0	1,259.5	1.7
Costs			
Depreciation and amortisation	(21.5)	(22.1)	(2.7)
Operating costs	(1,009.8)	(945.7)	6.8
	(1,031.3)	(967.8)	6.6
EBIT	249.7	291.7	(14.4)

Note 1: Advertising revenue includes advertorial revenue, revenue variable costs include license fees, contra and advertorial costs which are directly variable to revenue streams

Divisional Performance **The West**

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Revenue			
Advertising	127.8	144.6	(11.9)
Print and digital circulation	59.4	55.9	6.3
Other	30.3	28.0	8.2
	217.5	228.5	(4.8)
Costs			
Depreciation and amortisation	(20.6)	(21.3)	(3.3)
Operating costs	(170.9)	(168.0)	1.7
	(191.5)	(189.3)	1.2
EBIT	26.0	39.2	(33.7)

Note 1: Source: ABC

Divisional Performance Pacific

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Revenue			
Circulation	110.5	131.4	(15.9)
Advertising	40.7	56.5	(28.0)
Digital (and other)	16.8	13.3	26.3
	168.0	201.2	(16.5)
Costs			
Depreciation and amortisation	(2.7)	(1.5)	80.0
Operating costs	(161.8)	(190.7)	(15.2)
	(164.5)	(192.2)	(14.4)
EBIT	3.5	9.0	(61.1)

Pro forma results ¹

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Revenue	158.5	174.6	(9.2)
Costs (incl. depreciation & amortisation)	(151.2)	(165.5)	(8.6)
EBIT	7.3	9.1	(19.8)

Note 1: Pro forma based on continuing operations – assumes cost-out plan implemented in Nov-16 are in 1HFY17

Divisional Performance

Other Business and New Ventures

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Revenue			
Radio	9.4	9.2	2.2
Yahoo7 Share of NPAT	5.3	8.8	(39.8)
RED Live	0.8	24.2	n/a
Other revenue	4.4	6.3	(30.2)
	19.9	48.5	(59.0)
Costs			
Depreciation and amortisation	(0.4)	(0.5)	(15.3)
RED Live	(0.9)	(18.9)	n/a
Other costs	(13.0)	(10.8)	20.4
	(14.3)	(30.2)	(52.6)
EBIT excluding early stage investments	5.6	18.3	(69.4)
Early stage investments share of net losses	(7.0)	(23.9)	70.7
EBIT	(1.4)	(5.6)	75.5

Operating Performance



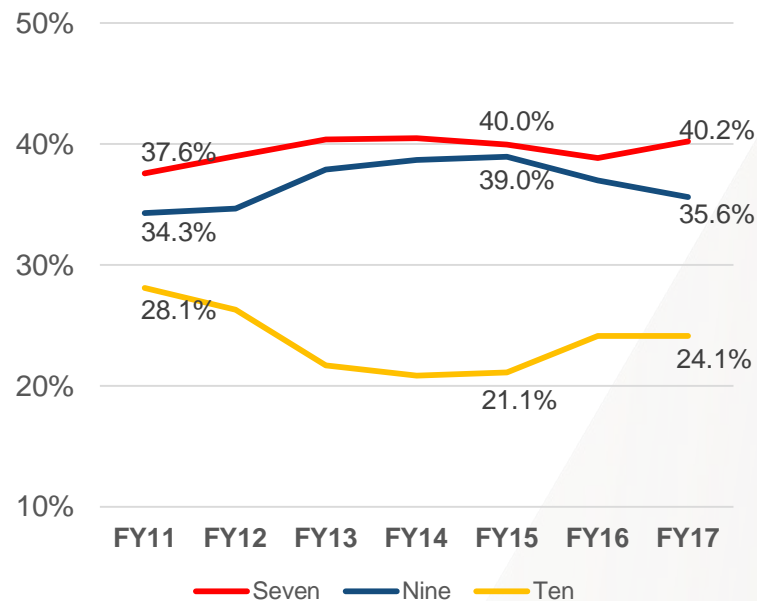
NEW
HOUSE RULES 7

Television

22 CONSECUTIVE HALVES OF RATINGS AND REVENUE LEADERSHIP

- › Advertising revenue up 1% and market share increased to 40.2%
- › #1 for total audience with 39.2% commercial share and YoY growth in key demographics
- › Won every FY17 television survey ratings week since November 2016
- › Men's AFL broadcast audience increased 8% YoY
- › Cost savings largely offset step up in AFL rights
- › Licence fee reduction of \$35m in the financial year

Metro Free-To-Air TV Ad Revenue Market Share



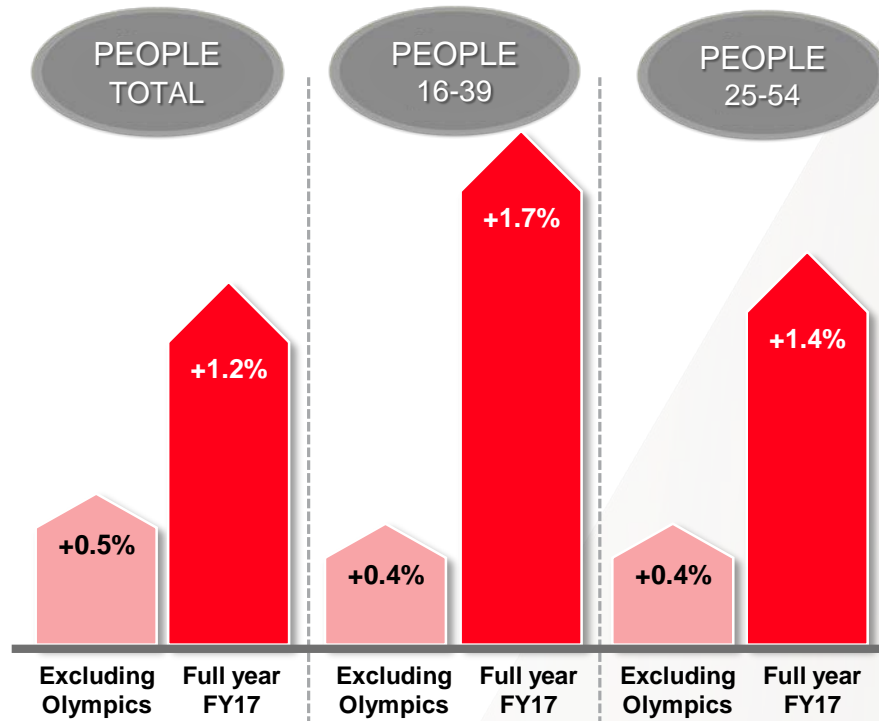
Source: OzTam; KPMG Free TV

Television Leadership

Television Scorecard

#1	SPORTS EVENT	
#1	WINTER SPORT	
#1	SUMMER SPORT	
#1	REALITY	
#1	DRAMA	THE SECRET DAUGHTER
#1	DRAMA EVENT	THE PAUL HOGAN STORY HOGES
#1	NEWS	
#1	AT BREAKFAST	
#1	ON MORNINGS	

Seven's Broadcast Audience Share increase FY16 to FY17



Source: OzTam



**SEPT
2017**

**OCT
2017**

**NOV
2017**

**JAN
2018**

**FEB
2018**

**MAR
2018**

**APR
2018**

**MAY
2018**

**JUN
2018**



**NEW
FRANCHISE
REVEAL**

Most valuable and effective marketing platform in Australian broadcast history will provide unprecedented opportunities to launch new brands, products and programs

Seven Studios Production and Distribution

PRODUCING WORLD-CLASS CONTENT FOR A GLOBAL AUDIENCE

- › Largest television production company in Australia
- › Produced more than 850 hours of scripted, factual, kids and reality programming
- › \$97m in external program sales and 3rd party commissions revenue, up 11% YoY
 - 7Studios produced the 5th season of *A Place To Call Home*
 - 7Wonder has 7 projects in funded development and 5 returning
 - 7Beyond building large un-scripted slate, expanding into scripted
 - Platform7 debuted as short-form digital content producer with strong market demand
 - Slim developing diverse funded slate in line with plan
- › Opened 7Productions New Zealand
- › MKR's international footprint growing – 11 local version territories including US, UK, NZ, SA and screened in >160 countries
- › New production investments overseas underway



7WONDER

7BEYOND

PLATFORM7

Slim
film+television

Digital

PROVIDING 'DIRECT TO CONSUMER' DIGITAL PRODUCTS ACROSS PREMIUM CONTENT, LIVE STREAMING, SOCIAL VIDEO, THE WEST AND THE PACIFIC BRANDS

- › 45% share of advertising revenue from long-form and live online video*¹
- › 100%-owned digital revenue grew by >100% to approximately \$40m
- › Seven's live and on-demand streamed minutes grew to 1.8bn, up 63% YoY²
- › Restructured Yahoo7 JV provides opportunity to launch own long-form catch-up TV service by the end of 2017
- › Opportunity to build on Oath's consumer brands, original content, ad tech and proprietary data via Yahoo7
- › Launched esports platform and brand targeting fast growing global market



4bn ONLINE VIDEO VIEWS IN FY17³



2.9m AUSTRALIANS STREAMED RIO OLYMPIC CONTENT³



LIVE STREAMING MINUTES INCREASED 400% YoY²



35m GLOBAL SOCIAL AUDIENCE⁴



#1 COMMERCIAL CATCH-UP TV APP IN AUSTRALIA⁵

* SWM total includes: SWM owned and operated and Yahoo7

Source 1: Think TV; Source 2: OzTAM VPM (minutes), SWM Analysis; Source 3: SWM Analysis; Source 4: Facebook, Twitter, Instagram, Pinterest, YouTube;

Source 5: Nielsen Digital Ratings Monthly (July 2016 – June 2017)

The West

INTEGRATION OF SUNDAY TIMES AND PERTHNOW RESULTING IN STRONG OUTPERFORMANCE VERSUS PEERS

- › Challenging WA economic conditions and structural pressures continue to impact revenue
- › Successful integration of Sunday Times and PerthNow
- › #1 Daily, #2 Saturday and #2 Sunday Metro Masthead nationally by market reach¹
- › Focus on costs resulted in \$7.8m reduction (excl. Sunday Times)
- › Launched native app in FY17-digital audience increased 53% YoY²
 - Digital revenue increased 65% YoY
 - 418m video views in the financial year across owned and operated and social platforms³
- › New leadership now in place to execute strategy



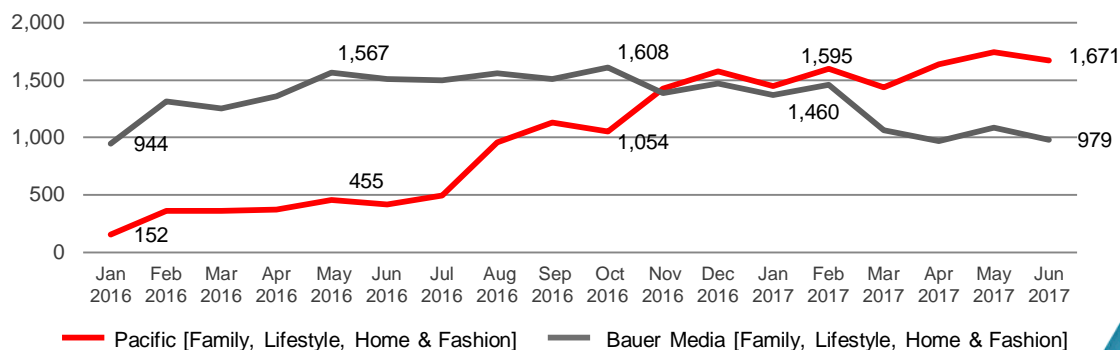
Source 1: Emma (Apr 2016 -Mar 2017)
 Source 2: Nielsen Digital Ratings (Monthly)
 Source 3: WAN internal data, SWM Analysis

Pacific

AUSTRALIA'S FASTEST GROWING DIGITAL PUBLISHER

- › Transformation accelerating, but print headwinds remain
- › Portfolio now focused on high value consumer and commercial categories
- › Cost-out programs reduced operating expenses by \$28.9m, 15% YoY
- › Portfolio of magazine brands capturing 27% of readership with only 11% of titles
- › Investment in new platforms delivered digital audience growth of >188%
 - 91% increase in digital advertising revenue, partially offsetting print advertising declines
 - Digital advertising revenue now accounts for 20% of total advertising revenue
 - >485m online video views in the financial year¹

Digital Unique Audience (000's) ²



Source 1: SWM analysis

Source 2: Nielsen Digital Ratings (Monthly), Unique Audience; SWM insights

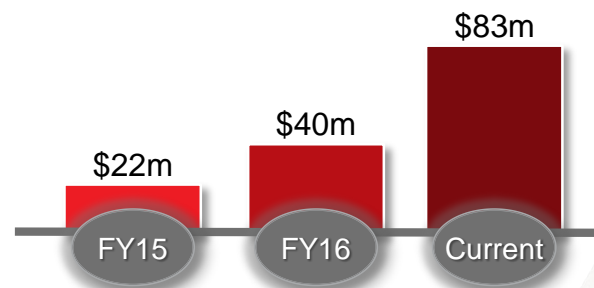


Early Stage Ventures

LEVERAGING OUR CORE ASSETS TO BUILD NEW BUSINESSES IN KEY VERTICALS

- › Yahoo7 JV continues to evolve to meet Seven's audience needs and better enable Total Video strategy
- › Early stage ventures portfolio value increased 107% to \$83m²
- › Over half of these total investments are via contra, leveraging the power of our assets

Ventures Investments Portfolio Value¹



MEDIA	LIFESTYLE	HEALTH & WEALTH
<ul style="list-style-type: none"> › Racing.com: 7 year rights agreement with Thoroughbred Racing SA › Starts at 60: Media Brand of the Year³ 	<ul style="list-style-type: none"> › Airtasker: rapid, scalable growth to >1.3m users within the Australian services economy 	<ul style="list-style-type: none"> › HealthEngine: >1m patients using the fastest growing platform in Australia; closed Series C raising led by Sequoia Capital

Note 1: Investment portfolio value excludes Presto, Racing.com and Yahoo7; Note 2: Includes value appreciation and new investments Note 3: 2017 Media Brand of the Year awarded by Mumbrella

Strategy Update

Back with **the Ex**

NEW
MURDER
UNCOVERED

Olivia
NEWTON-JOHN
HOPELESSLY DEVOTED TO YOU



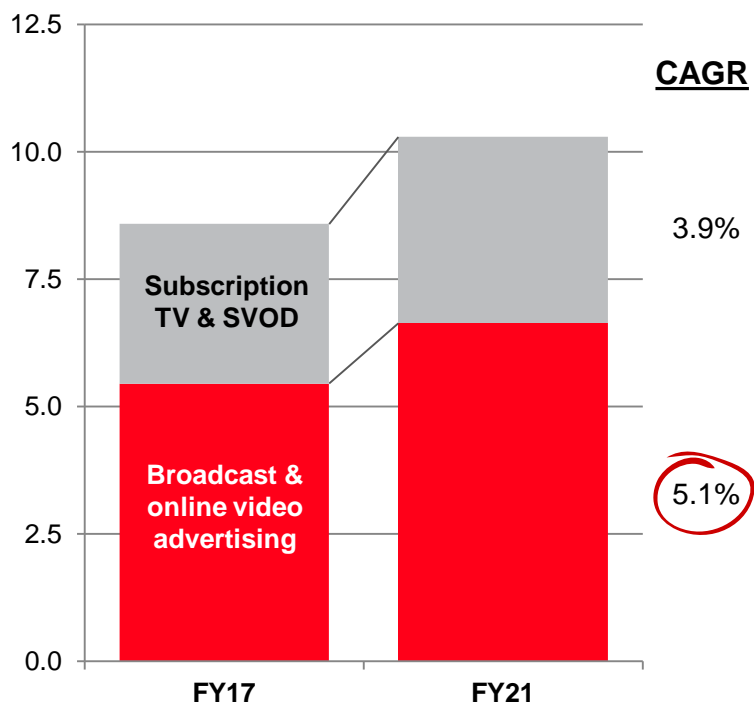
Little
BIG SHOTS

**INSTANT
HOTEL**

Strategy Update **Total Video Market**

TOTAL VIDEO STRATEGY DEVELOPED AROUND HIGH POTENTIAL SEGMENTS

Total Video Market Revenue (\$bn)



- 1 Advertising remains >60% of market
- 2 Differentiated by content creation capability
- 3 Aligns with SWM's core Total Video assets



Note: Subscription fees include Australian Subscription Video on Demand and Subscription Television; Advertising includes FTA advertising, STV advertising, social and online video advertising
Source: PwC Australian Entertainment and Media 2017 - 2021

Strategy Update

DELIVERING ENGAGEMENT AND VALUE THROUGH POWERFUL STORYTELLING

CREATE AND OWN MORE EXCEPTIONAL CONTENT

- › Create, control and produce the best multi-platform content
- › Extend content production and distribution
- › Acquire premium content rights
- › Enhance content offering for key demographics

GROW AND KNOW OUR AUDIENCES; LEAD IN TOTAL VIDEO

- › Maintain ratings & circulation leadership
- › Accelerate mobile products
- › Drive audience growth through:
 - strong social capabilities;
 - strategic partnerships;
 - data capabilities and consumer insights

DELIVER INCREASED PROFITABILITY AND MORE DIVERSIFIED EARNINGS

- › Grow rev through strategic acquisition
- › Develop transactional capability
- › Continue to build live events business
- › Invest in digital adjacencies
- › Create more scalable cost base
- › Use technology to drive efficiencies

ENGAGE SCALE AUDIENCES

MAXIMISE THE VALUE OF OUR CONTENT AND IP

GROW THE VALUE OF OUR AUDIENCES

TRANSFORM THE WAY WE WORK

Q&A

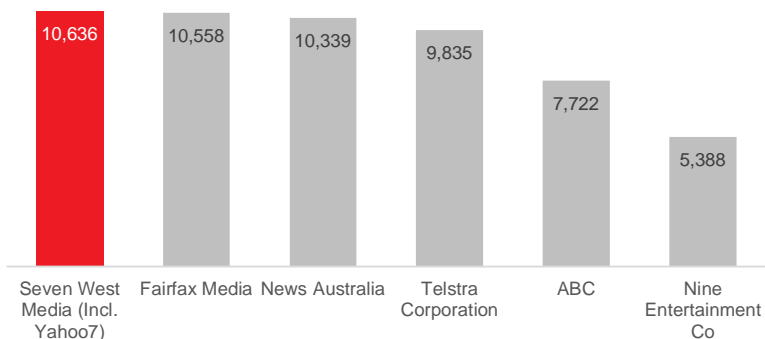


Appendix

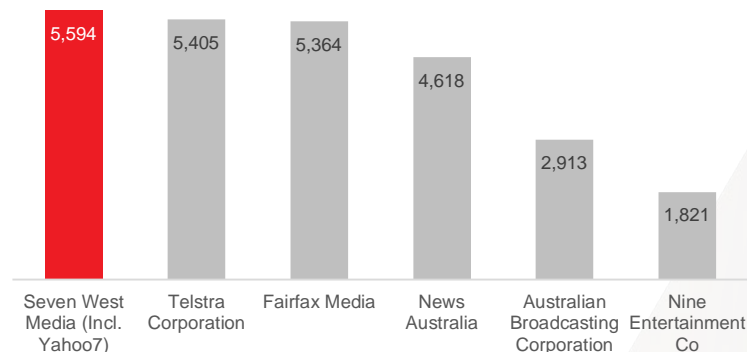


FY17 Monthly Average Unique Audience

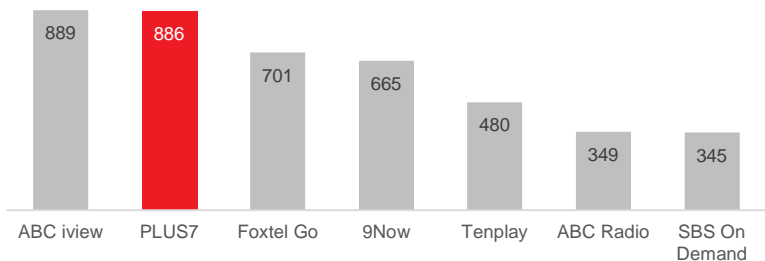
Total Unique Audience



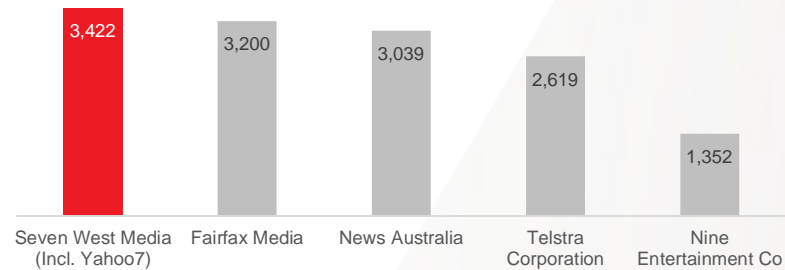
Smartphone Audience



Catch-up TV App



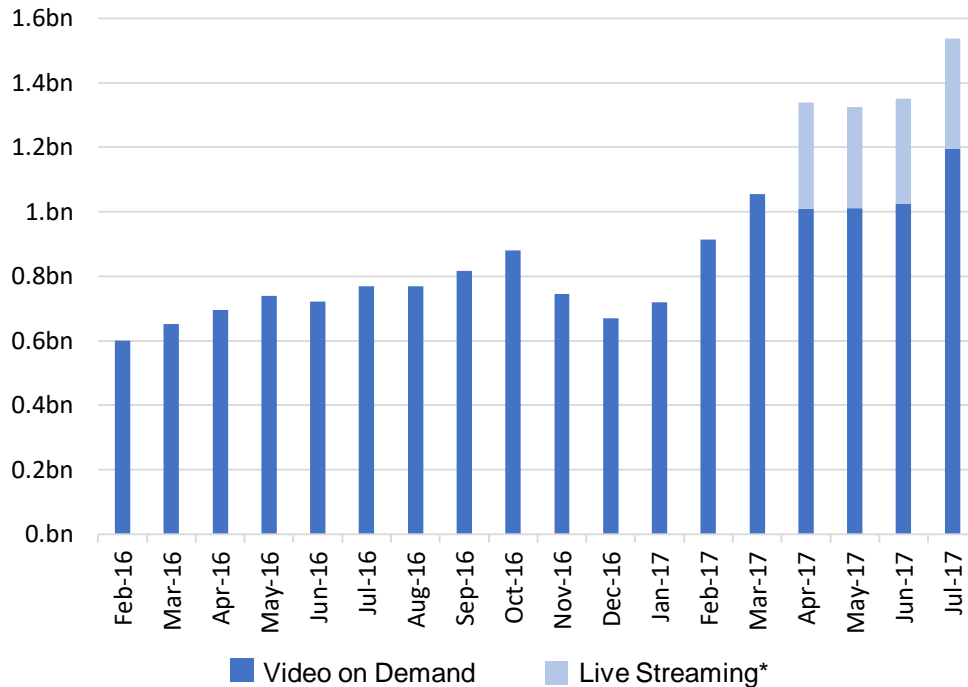
Millennial Audience



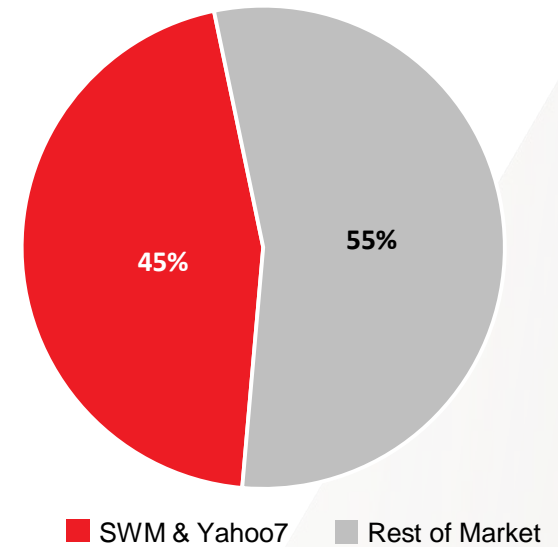
Source: Nielsen Digital Ratings Monthly, Unique Audience (000) 12-month rolling average, June 2017. Millennial Audience = people 18-34.

Australian Online Broadcast Video Market

Streaming Minutes: Live and On Demand¹



FY17 Long-Form Video Ad Revenue²



Source 1: OzTAM VPM VOD & Live Reports. Note monthly live minutes available from April 2017 only.
 Source 2: Think TV Long Form Video Revenue 2017. Note: includes live and on demand

Revenue Performance

Revenue

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Seven	1,281.0	1,259.5	1.7
The West	217.5	228.5	(4.8)
Pacific	168.0	201.2	(16.5)
Other Business and New Ventures	12.9	24.6	(47.5)
Corporate	-	-	-
	1,679.4	1,713.8	(2.0)

Revenue as a % of Group

	FY17	FY16
Seven	76%	73%
The West	13%	13%
Pacific	10%	12%
Other Business and New Ventures	1%	2%
Corporate	-	-

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

Group Costs and EBIT

Costs

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Seven	(1,031.3)	(967.8)	6.6
The West	(191.5)	(189.3)	1.2
Pacific	(164.5)	(192.2)	(14.4)
Other Business and New Ventures	(14.3)	(30.2)	(52.6)
Corporate	(16.4)	(16.2)	1.4
	(1,418.0)	(1,395.7)	(1.6)

EBIT

	FY17 \$m	FY16 \$m	Inc/(Dec) %
Seven	249.7	291.7	(14.4)
The West	26.0	39.2	(33.6)
Pacific	3.5	9.0	(61.5)
Other Business and New Ventures	(1.4)	(5.6)	(75.5)
Corporate	(16.4)	(16.2)	1.4
	261.4	318.1	(17.8)

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