TEN NETWORK HOLDINGS

October 18, 2012

Ten Network Holdings Full Year Financial Results.

Ten Network Holdings Limited (ASX: TEN) ("TEN") today announced its results for the 12 months to August 31, 2012. The results included:

- Group revenue of $865.2 million
- Group earnings before interest, tax, depreciation and amortisation (EBITDA) of $94.0 million
- Television EBITDA of $82.4 million
- Out-of-home EBITDA of $11.6 million
- Reported Group net loss after tax of $12.9 million

Ten Holdings' Chief Executive Officer, James Warburton, said: "This is a disappointing result and we are focused on turning TEN around through improved ratings, revenue and cost management.

"Undoubtedly we are operating in challenging market and competitive conditions, which have impacted our revenue performance. We have responded and secured significant cost savings in the year. We are now undertaking a Strategic, Operating and News Review to further reduce costs.

"We have also reduced our debt as a result of a successful capital raising. Many of our core programs have performed well, underpinning our confidence that our performance can be improved," he said.

Television costs were reduced by 6.6% (ex-selling costs) or $42 million during the 12 months to August 31, while costs in the EYE Corp out-of-home division were down 3.4%.

The reduction in television costs (ex-selling costs) exceeded the guidance of approximately 5% or $30 million given in April 2012.

“The lower television costs reflect the ongoing benefits of the Operational and Strategic Review that started in 2011 and expanded during 2012,” Mr Warburton said.

“While we have been – and remain – relentless in examining our cost base, that has not come at the expense of content.”

TEN's reported net loss was affected by $23.7 million of non-recurring costs. These relate to an impairment loss on the out of home assets held for sale, the writedown of the investment in OurDeal Pty Ltd, and redundancy costs associated with the television business.

TEN NETWORK HOLDINGS LIMITED FY12 DIVISIONAL RESULTS

	FY12 $m	FY11 $m	Favourable/ (Unfavourable)
OPERATING REVENUE			
Television	728.0	851.8	(14.5%)
Out of Home	137.2	148.5	(7.6%)
Total Operating Revenue	**865.2**	**1,000.3**	**(13.5%)**
EXPENSES*			
Television	645.6	697.7	7.5%
Out of Home	125.6	130.1	3.4%
Total Expenses	**771.2**	**827.8**	**6.8%**
EBITDA* +			
Television	82.4	154.1	(46.5%)
Out of Home	11.6	18.4	(36.9%)
Total EBITDA	**94.0**	**172.5**	**(45.5%)**

** FY12: before non-recurring items (NRI’s) of $23.7m (FY11: $85.4m).*
+ Onerous contract provisions of $14.4m (FY11: nil) for Television and $15.2m (FY11: $15.2m) for Out of Home have been released during the period.

Television Performance

Mr Warburton said TEN had seen some successes during the 2012 television ratings year, including growth in Network Ten’s early-evening (5pm to 8pm) audience and strong growth for ONE.

"Together, ELEVEN and ONE are the number one digital multi-channel combination among people 18 to 49, 16 to 39 and 25 to 54 this year," he said.

"On the main TEN channel, we have seen strong numbers for programs such as *MasterChef Australia, MasterChef All Stars, The Biggest Loser, Offspring, Bikie Wars: Brothers In Arms, Puberty Blues, The Project, TEN News At Five, Underground: The Julian Assange Story* and – from our US output deals – *Homeland, Modern Family* and *NCIS*.

"While our overall ratings performance this year has not been good enough, we are working hard on improving it," he said.

"Next week, we will start a series of presentations to advertisers and media agencies around the country to showcase our 2013 programming strategy and plans."

Digital Media

On July 11, 2012, TEN announced the establishment of zeebox Australia, a joint venture with UK company zeebox Ltd, to launch zeebox's award-winning social TV platform and consumer service app on the local market. The zeebox app for iPhone, iPad and Android devices will launch in Australia later this year.

During the 2012 financial year, TEN's digital media division established content syndication deals with smartphone companies, Sony and Fairfax Media. In September, TEN's *MasterChef Australia* became the first Australian light entertainment television program to reach one million Facebook fans.

Strategic, Operating and News Review

The benefits of the Operational and Strategic Review that started in 2011 are evident in TEN's results for the 2012 financial year.

Earlier this year, a Strategic, Operating and News Review ("the Review") was established to identify further areas for improved efficiencies.

The Review is ongoing and covers all departments of TEN.

As result of the Review, the guidance for television cost growth in the 2013 financial year has been reduced from mid to high single digits to less than CPI, while still protecting our investment in programming.

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Capital Management

On June 6, 2012, TEN announced an underwritten 3-for-8 accelerated renounceable entitlement offer of new shares at $0.51 a share. The offer comprised an institutional and retail component.

The institutional component was completed on June 19, 2012, and involved the placement of 315 million shares, with gross proceeds of approximately $161 million. The retail component was completed on July 11, 2012, and involved the placement of 76.7 million shares, with gross proceeds of approximately $39 million.

The funds received from the equity raising were used to strengthen TEN's balance sheet, provide financing flexibility and continue the investment in content.

EYE Corp

On July 20, 2012, TEN announced it had entered into an agreement to sell EYE to Outdoor Media Operations Pty Ltd ("OMO"), a company owned by CHAMP III Funds.

On October 17, 2012, TEN announced it had received formal notice from OMO purporting to terminate the share purchase agreement related to EYE.

While TEN has reserved its legal position regarding the purported termination, TEN and OMO remain in discussions with the aim of agreeing amended sale terms.

Final dividend

The Board decided that no final dividend will be paid.

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