



Ten Network Holdings Ltd.

Annual General Meeting.

December 6, 2012.

Managing Director and Chief Executive Officer's Address.

Thank you Lachlan and good morning ladies and gentlemen.

Before I start, I'd like to thank my fellow Board members for their support over the past 11 months.

As Lachlan mentioned, many of the company's executives and managers are here today.

I would like to also thank them for their hard work, commitment and enthusiasm during what has been a difficult and challenging period for Ten.

I also want to thank all of the staff at Ten for their support and focus.

As Lachlan said, 2012 was a year of significant challenges and change at Ten.

Lachlan has talked about the capital raising that was announced this morning.

I wanted to spend some time now talking about the operational initiatives that were part of today's announcement.

Those initiatives fall into five key areas:

- We have struck improved content agreements that reduce our costs and give us increased rights.
- We have introduced an improved program development process. That process is an essential part of the creation of a more consistent and stable program schedule for 2013.

- We have developed a focused media plan and marketing budget to support our programming in 2013.
- We have put in place major new initiatives to reduce costs, which I will discuss later.
- And, we have established new agreements for 2013 with major media agency groups.

When I started at Ten, it was evident that we needed to renew our creative content.

That became – and remains – a top priority. We need to constantly focus on refreshing and expanding our content, across all our platforms.

At the same time, we have focused on reducing costs and creating a more sustainable business and balance sheet.

Rigorous cost control has been part of the day-to-day management of Ten since mid-last year.

Lachlan talked about the Review that started in 2011 and the key outcomes of that Review.

As a result of that Review, and other measures, our television costs excluding selling costs declined 6.6% or \$42 million during the 2012 financial year.

As you know, our financial performance this year has been below expectation.

Accordingly, in FY12 we started a Strategic, Operating and News Review, covering all parts of the company.

The release of our 2012 results in October was accompanied by the first public discussion of that Review.

The Review was designed to reduce costs, improve efficiencies and – in many areas – change the way we conduct business.

As a result of the Review, we introduced a new operating model for our News and Operations division.

That model includes the introduction of a centralised news desk and the move to greater consistency in the look, tone and structure of our *TEN News At Five* bulletins around the country. The changes will ensure our bulletins offer viewers the best of local, national and foreign news.

The changes do not mean there will be a decline in the local content of our *TEN News At Five* bulletins. They will continue to have local presenters, local reporters, local producers, local camera operators and so on. They will also, most importantly, continue to have local content.

Unfortunately, the Review also included a redundancy program in News and Operations, and changes in the presenter teams for some of our *TEN News At Five* bulletins.

To the people who departed as a result of the Review, please accept my sincere thanks for your contribution to Ten. Your commitment and hard work has been appreciated and we wish you well.

The ratings and revenue performance of the main TEN channel this year was clearly below our expectations and not good enough.

But there were some bright spots.

We saw growth in the 5pm to 8pm, Monday to Friday, timeslot, largely thanks to the success of *The Project*.

TEN retained its number one position during day time.

ELEVEN and ONE were the number one digital channel combination in the key advertiser demographics of people 18 to 49 and 25 to 54.

And the growth ONE posted in 2011 after it was relaunched as a general entertainment channel has continued during 2012.

This year saw good results from many programs on TEN, including local success stories such as *MasterChef Australia*, *MasterChef All Stars*, *The Biggest Loser*, *Offspring*, *Bikie Wars* *Brothers In Arms*, *Puberty Blues*, *The Project* and *Underground The Julian Assange Story*.

But, clearly, not everything we launched this year was successful.

Today I want to share with you how we plan to change that, and improve our ratings and revenue.

In late October, we conducted a series of “Upfront” presentations to more than 1200 advertisers and agency executives in Sydney, Melbourne, Brisbane, Adelaide and Perth.

The feedback from those advertisers and agency executives was positive and encouraging.

Why? Because we gave them clarity around our long term focus and direction in our brand and programming strategy, and provided them with a blueprint for TEN for 2013.

Several words dominated the “Upfront” presentations: consistency, stability, smart, different and authentic.

Those words shape, inform and drive our programming and brand strategies for TEN, and give absolute clarity to our program commissioning process.

TEN has a different footprint, or audience profile, to the other primary TV channels.

Just under 70 per cent of TEN’s audience is aged under 50. TEN’s median age is 41, making it younger than its main free-to-air rivals.

That is our point of difference and will be the key to our success.

What did we tell the 1200 advertisers and agency executives who attended our “Upfront” presentations?

We told them TEN’s program strategy for 2013 is all about consistency, stability and better results.

We told them we will reinvigorate the TEN schedule and rebuild the TEN brand.

We told them our constant aim is to inspire our viewers, surprise them, provide them with insights ... and do all this, at times, with an irreverent twist.

We told them our aim is to entertain Australians with authentic, accessible content.

For 2013, TEN will offer viewers and advertisers a stable, consistent schedule. Key, familiar and successful brands such as *MasterChef*, *The Biggest Loser*, *The Project*, *Modern Family* and so on will stay firmly locked in the schedule.

Sunday nights will be the home of premium international drama. *Can of Worms* will stay on Monday nights. *NCIS* and *NCIS: Los Angeles* will stay on Tuesday nights.

The Living Room will stay on Friday nights. Wednesday night will remain quality Australian drama night on TEN next year.

Creating a schedule with consistency for viewers and advertisers is critical to TEN's success.

We have to create nights that build audience flow and build a platform for advertisers. That was, and remains, a top priority.

In 2013, we will have a stable, consistent early evening schedule across the 40 weeks of the ratings season, with *TEN News At Five*, followed by *The Simpsons* at 6pm and *The Project* at 6.30pm.

TEN's biggest brands – including *MasterChef* and *The Biggest Loser* – will run at 7.30pm across the entire ratings year.

Both will be refreshed and expanded in 2013, with the spin-off *MasterChef: The Professionals* at the start of the year and *The Biggest Loser: The Next Generation* later in the year.

And next year we will have a focused media plan and marketing budget.

Other key new and returning shows for 2013 including the unique cooking series *Recipe to Riches*, the factual series *Shock of the Now* and *The Truth Is* and – from our award-winning drama department – *Wonderland*, *Mr and Mrs Murder*, *Reef Doctors*, *Secrets & Lies* *The Track*, *Puberty Blues* and *Offspring*.

We are also proud to introduce one of the biggest TV events in recent years – the eight-part series *Batavia*.

TEN's sport line-up in 2013 includes Formula One, MotoGP, NBL, the Hopman Cup and the return of Rugby Union, including all Wallabies matches in the Southern Hemisphere. That includes next year's highly anticipated British and Irish Lions Tour.

Next year also brings some big new overseas shows to TEN, including *American Idol*, *Elementary*, *The Americans* and *Ripper Street*, plus more *Homeland*, *Modern Family* and *NCIS*.

There's no such thing as a sure bet in the television business. But we know there is no place for inertia and complacency. You have to listen, adapt and evolve. For next year, we have a clear, 40-week plan and a consistent, clearly targeted program schedule.

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