

18 February 2014

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

***By electronic lodgment***

**Total Pages: 6 (including cover letter)**

Dear Sir / Madam

**HALF-YEAR MEDIA RELEASE**

Please find attached Media Release for the financial half-year ended 28 December 2013.

Yours faithfully



**Warren Coatsworth**  
Company Secretary

**18 February 2014**

**Seven West Media releases interim financial results**

18 February 2014 --- Australia's leading multi-platform media business, Seven West Media, today reported the company's interim financial results for the first half of the 2013-14 financial year:

- Seven West Media delivers strong performance in a challenging and competitive market.
- Seven secures another market leading advertising revenue share in television across the first half of the financial year.
- Publishing businesses increase market share, out-performing peers despite challenging conditions.
- Cost reduction initiatives delivering and on-target.
- Market-leading strong margins maintained across all key media businesses.
- Refinanced debt facilities locking in a flexible long term funding arrangement at favourable rates.

**2014 Half Year Financial Highlights**

- Net profit after tax (excluding significant items) grew 5.5% to \$150.1 million
- Group revenue declined 1.1% to \$975.8 million
- Operating expenses reduced 0.2% to \$725.5 million
- Group EBITDA margin (28%) with strong operating cashflows over \$250 million
- Interim dividend of 6 cents per share (fully franked) declared

Commenting, the Chief Executive Officer of Seven West Media, Tim Worner, said: "This is a strong and positive result in what are mixed market conditions. We are delivering leadership in broadcast television and our publishing businesses continue to demonstrate market-leading margins and performance.

"Our objective is leadership in content delivery across our media platforms and our focus is achieving results for our shareholders. We've spent the past six months working hard at laying the foundations for our strategy. We have a new management structure in place and we believe we are in a strong position to build on our success.

"We continue to invest in our content and our businesses to drive home leadership, while maintaining our rigorous approach on cost management. We are developing greater inter-connections between our media businesses as we expand our presence in new forms of digital content delivery.

"We are pleased to see the television advertising market return to growth this half and we are confident in our positive outlook on the advertising market for the remainder of the financial year," Mr Worner said.

Management has upgraded its 2014 financial year television advertising market outlook to "low-to-mid single digit growth" from "low single digit growth". Newspaper advertising market guidance is for a "continuation of current trend". Magazine advertising market guidance of "rate of decline expected to lessen" has also been retained. The company has issued guidance for the group's 2014 financial year NPAT to grow at low single digits.

## Results

<b>Interim Results</b>	<b>Half Year Ended 28 December 2013</b>	<b>Half Year Ended 29 December 2012</b>	<b>Inc/(dec) %</b>
Profit/(loss) before tax	\$210.0m	(\$56.7m)	470.5
Profit/(loss) after tax	\$150.1m	(\$109.3m)	237.3
Profit/(loss) attributable to shareholders	\$150.1m	(\$109.3m)	237.3
Basic EPS	15.0 cents	-11.4 cents	232.0
Diluted EPS	13.2 cents	-9.5 cents	239.1
Interim Dividend per Ordinary Share	6 cents	6 cents	-
<b>Additional Information:</b>			
Significant items before tax	-	(\$260.7m)	-
Profit before tax excluding significant items	\$210.0m	\$204.0m	2.9
Profit after tax excluding significant items net of tax	\$150.1m	\$142.3m	5.5
Basic EPS excluding significant items net of tax	15.0 cents	14.9 cents	1.0
Diluted EPS excluding significant items net of tax	13.2 cents	12.4 cents	6.5

Seven West Media reports a net profit after income tax of \$150.1 million. In the prior corresponding half, the company reported a statutory net loss of \$109.3 million following the inclusion of significant items relating to impairment of the carrying values of the company's magazines business, digital investments and redundancy and restructure costs.

<b>Interim Results*</b>	<b>Half Year Ended 28 December 2013</b>	<b>Half Year Ended 29 December 2012</b>	<b>Inc/(dec) %</b>
Total Revenue	\$975.8m	\$986.3m	(1.1)
EBITDA	\$275.4m	\$288.7m	(4.6)
EBIT	\$250.3m	\$259.3m	(3.5)
<b>Reconciliation to statutory results:</b>			
Profit before significant items, net finance costs and tax	\$250.3m	\$259.3m	(3.5)
Net finance costs	(\$40.3m)	(\$55.3m)	(27.1)
Profit before tax excluding significant items	\$210.0m	\$204.0m	2.9
Significant Items	-	(\$260.7m)	-
Profit/(loss) before income tax	\$210.0m	(\$56.7m)	470.5
<i>*Revenue includes share of equity- accounted investees and other income</i>			

## **Balance Sheet**

Seven West Media's net debt declined 9.6% in the first half to \$1.14 billion using operating cashflow proceeds to continue to reduce leverage with net debt/EBITDA now at 2.4x (vs 2.6x FY13).

On 13 February, Seven West Media successfully refinanced its \$1.5 billion bank facilities. The new facilities which total \$1.4 billion reflect the lower debt objectives of the group and include a repayment of over \$100 million from existing cash reserves. This locks in long term debt facilities extending the company's nearest debt maturity out to October 2017, while also securing a lower cost of funding.

## **Operating Margins**

Seven West Media delivered an overall EBITDA margin of 28.2 per cent (29.3 per cent in prior first half). The company's key businesses continue to maintain strong margins with television delivering an EBITDA margin of 29.6 per cent, newspapers EBITDA margin of 35.4 per cent and magazines EBITDA margin of 12.3 per cent.

## **Cost Management**

Group operating costs decreased 0.2 per cent in the period to \$725.5 million as a result of continued focus on cost reduction initiatives. Newspaper and magazine cost reductions of 7.9 per cent and 5.6 per cent respectively offset by television cost growth of 2.8 per cent in the period. The company is on track to deliver \$50 million cost and revenue benefits for the 2014 financial year as outlined in the 2013 financial year. Management reiterates its target for 2014 financial year costs to be similar in absolute terms to the 2013 financial year.

## **Business Performance**

### **Broadcast Television**

Television revenue grew 2.6 per cent to \$683.7 million accounting for 70 per cent of group revenue while EBIT (earnings before interest and tax) grew 2.2 per cent making up 76 per cent of group EBIT. Seven delivered a market leading EBITDA margin of 29.6 per cent for the FTA television sector.

Seven continues to lead the market in television advertising revenue share, delivering a 15<sup>th</sup> consecutive half of market leadership alongside a 14<sup>th</sup> consecutive half of ratings leadership. The latest industry figures put Seven's share of the advertising revenue market at 39.7 per cent for July-December in a half year which included two Ashes cricket series, and 40.1 per cent across the 2013 calendar year. (Source: Free TV (KPMG) Industry Revenue Share Numbers).

More Australians watch Seven than any other television network, with 13 of the top 20 shows in 2013 on Seven. Seven was the most-watched network for total viewers across the 2013 television year and grew share across all key demographics. The launch of the network's 2014 schedule has been very successful with a record launch of My Kitchen Rules, strong opening numbers for Home & Away,

Revenge and Winners & Losers and strong ratings performance in the Australian Open Tennis. Seven has also introduced one hour news at 6:00pm on the East coast and the initial audience response has been positive.

## **Newspapers**

The West Australian and regional newspapers grew advertising share despite challenging market conditions. Newspaper revenue declined 11.8 per cent to \$139.4 million in the period due largely to lower classified advertising revenue. The West maintained its market leading EBITDA margins of 35.4 per cent by delivering on its cost reduction initiatives with operating costs excluding depreciation and amortisation down 9.1 per cent on the previous first half. EBIT of \$38.8 million was down 20.3 per cent on the prior half.

The West Australian maintained its position as the strongest performing newspaper in the country, reaching 80 per cent of West Australians every month through its print and online footprint.

The West is building on the level of engagement with the local community and increasing the level of integration between Channel 7 Perth with plans to co-locate offices. The implementation of the West's new multi-media editorial platform is on track. This is fundamental to enhancing the digital delivery of the West. New growth opportunities in digital and events are a key focus.

## **Magazines**

Pacific Magazines continued to out-perform the overall magazine market with advertising share growing to 27.6 per cent in HY14 versus 24.9 per cent in HY13, based on SMI data. Advertising revenues declined, however the rate of decline has slowed on the prior period. Our leading brands have strengthened their position in circulation and readership shares. Pacific Magazines accounted for 35 per cent of magazine circulation and 50 per cent of women's weekly magazines sold in Australia

Revenue in the magazines division declined 7.3 per cent to \$123.8 million versus the prior corresponding period in a challenging market with EBIT of \$13.3 million benefiting from a 5.6 per cent reduction in operating costs.

Pacific Magazines is participating in an industry initiative to grow Magazine share of advertising expenditure. The Magazine Publishers of Australia has commenced rolling out the Magazine Audience Performance Predictor (MAPP) platform to large agencies and advertisers. This platform provides real time performance metrics for magazines improving the measurability of advertisers' spend. Management is also focused on leveraging the power of our brands across the group to create new revenue opportunities and improve the monetisation of our content.

## **Online and Digital Media**

Online and digital permeates all of Seven West Media's businesses and is integral to their future. We are growing our digital footprint allowing us to expand our audience reach and drive greater utilisation and monetisation out of our content.

Yahoo!7 remains a key platform in the company's digital strategy with scale audiences in online, mobile and is making progress across the second and third screens with more than 8.6 million unique users every month. Demand for online video has been growing rapidly with more than 50 million videos streamed over the period, up 13 per cent on previous first half, and over 5 million TV episodes streamed per month.

Digital and other businesses contributed EBIT of \$7.8 million up 2 per cent compared to the prior year. Growth from Yahoo!7 was offset by declines related to the performance of print classifieds in Quokka and Community Newspapers.

In addition, Seven West Media is building for the delivery of the company's content across an array of new platforms and devices, including the forthcoming launch of HbbTV. The group has also been progressing multiple initiatives to commercialise its audiences beyond advertising through data and transactions and using the promotional power of its assets on digital platforms.

Commenting, Mr Worner said: "Our media businesses are delivering. We are setting about extending our leadership in content creation using the promotional strengths of our media businesses to grow new revenue streams. We are advancing on our plans for the delivery of our content beyond broadcast television and publishing, with our first major step, the forthcoming launch of HbbTV."

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