



Seven West Media releases full year financial results

22 August 2012 --- Australia's leading multi-platform media business, Seven West Media, today reported the company's financial results for the 2012 financial year.

Seven West Media reports a profit before income tax of \$325.2 million on revenues of \$1,937.1 million. Net profit after tax is \$226.9 million. Basic EPS is 33.3 cents. Diluted EPS is 26.7 cents.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) is \$535.0 million. Earnings before interest and taxation (EBIT) is \$473.4 million.

Despite difficulties in the overall advertising market, Seven West Media delivered an overall EBIT margin of 24.2 per cent reflecting the strong performances of the company's key market-leading media businesses.

The company delivered above its market guidance for earnings before net finance costs and income tax expense (EBIT) issued on 24 April 2012, and in line with market guidance provided on 16 July as part of the successful \$440 million capital raising to reduce debt and strengthen the company's balance sheet.

Commenting, Don Voelte the Managing Director and Chief Executive Officer of Seven West Media, said: "Our businesses are performing well in what has been a challenging past twelve months for all media companies. We are building our businesses with a focus on our content that drives our audiences and our ability to deliver revenue, and new forms of delivery of that content. We are also focused on greater efficiencies across our business to manage our costs and continue to deliver our market-leading margins."

Today's results follow West Australian Newspapers Holdings' acquisition of Seven Media Group (SMG) in April 2011. This transaction created Australia's largest diversified media business with a leading presence in broadcast television, radio, newspaper publishing, magazine publishing and online. Accordingly, the prior year financial information only includes SMG data from April – June 2011 and not the full year results.

The company is the home of many of Australia's best performing media businesses – Seven, 7TWO and 7mate, Pacific Magazines, The West Australian and Yahoo!7 – and the biggest content brands including My Kitchen Rules, Packed to the Rafters, The X Factor, Better Homes and Gardens, marie claire, New Idea, Who, The West Australian and FANGO.

Results

Today's result for the full year ended 30 June 2012 reflects the first twelve months complete trading for the company following shareholder approval for West Australian Newspapers Holdings' acquisition of Seven Media Group in April 2011.

Full Year Results	Year Ended 30 June 2012	Year Ended 25 June 2011
Profit before tax	\$325.2m	\$173.5m
Profit after tax	\$226.9m	\$115.1m
Profit attributable to shareholders	\$226.9m	\$115.1m
Basic EPS	33.3 cents	36.2 cents
Final Dividend per Ordinary Share	6 cents	26 cents

Over the past twelve months, the company has undertaken the successful integration of West Australian Newspapers and Seven Media Group to create 'one company' and the company's focus over the coming twelve months is to build on its leadership in broadcast television, print media and online and drive further cost synergies and enhance revenue delivery across the entire business.

The company has delivered a statutory profit after tax of \$226.9 million for the 2011-2012 financial year. The result was underpinned by statutory revenues of \$1,937.1 million. EBITDA of \$535.0 million is up from \$274.3 million in the prior corresponding period with EBIT of \$473.4 million up from \$217.6 million in the prior corresponding period.

Earnings comparisons are difficult due to West Australian Newspapers Holdings Limited's acquisition of Seven Media Group from Seven Group Holdings and Kohlberg Kravis Roberts & Co in April 2011.

Dividend and Dividend Re-Investment Plan

A final dividend of 6 cents per share (fully franked) has been declared. As outlined in documentation for the company's capital raising in July – August 2012, the Dividend Re-investment Plan has been suspended.

Balance Sheet

Seven West Media has net assets of \$2.6 billion and \$113.6 million in available undrawn facilities at 30 June 2012.

Over the past twelve months, the company has successfully completed re-financing all existing components of group debt – which is in line with expectations and detailed in the shareholder transaction documents - into the one facility with overall pricing similar to that under previous facilities.

At 30 June 2012, the group's debt to EBITDA ratio was 3.5x and approximately \$880 million of interest rates hedges are fixed at interest rates of approximately 7 per cent for the next twelve months. The average tenor of the group's debt facilities is four years.

On 16 July 2012, the company announced an underwritten pro rata accelerated entitlement offer to raise approximately \$440 million. This offer was successfully completed on 17 August 2012. The proceeds from the equity raising will be used to pay down debt, strengthening the company's balance sheet.

Impairment testing has been performed on non-current assets in accordance with accounting standards and indicate no need for an impairment charge at 30 June 2012. However, the tests indicate little headroom between carrying value and recoverable amounts for a number of assets as detailed in note 15 of the Financial Report lodged with the ASX today as part of the company's annual results statements.

Pro forma Full Year Results

Twelve month pro forma results	30 June 2012 Actual	25 June 2011 Pro forma
Total Revenue	\$1,957.4m	\$1,960.6m
EBITDA	\$535.0m	\$617.5m
EBIT	\$473.4m	\$550.1m
<p>Prior year comparative includes twelve months of both West Australian Newspapers and Seven Media Group</p> <p>Revenue includes share of equity-accounted investees and other income</p>		

On a pro forma basis – with the prior year including twelve months of both West Australian Newspapers and Seven Media Group – Seven West Media delivered EBIT of \$473.4 million (vs \$550.1 million FY11 pro forma) on revenues of \$1,957.4 million (vs \$1,960.6 million FY11 pro forma).

Business Performance: Pro forma

Broadcast Television

Seven delivered EBIT of \$291.0 million on revenues of \$1,262.4 million.

EBIT margin is 23.1 per cent and EBITDA margin is 25.5 per cent.

Seven continues to lead the market in television advertising revenue share, building share in a tough advertising market.

Recent industry figures put Seven's share of the advertising revenue market at 40 per cent for January-June 2012 and 39 per cent across the 2011-2012 financial year (Source: Free TV (KPMG) Industry Revenue Share Numbers).

More Australians watch Seven than any other television network. Seven was the most-watched network for total viewers across the 2011 television year and leads in the 2012 television year, its seventh consecutive year of market leadership in primetime.

Seven is the most-watched primary channel for total viewers in the current television year. 7TWO is the most-watched digital channel for total viewers and its people 25+ target audience and 7mate is the most-watched digital channel in its men 16-54 target audience in the current television year.

Seven's agreement with the Australian Football League for broadcast television rights for the 2012-16 seasons delivers four home and away matches per week, all finals, the Brownlow Medal and the Grand Final – with Seven as the only free-to-air television platform for AFL over the coming five years.

The agreement with the Australian Football League underlines the company's commitment to build on its success and secure key programming content to drive this leadership in broadcast television in an increasingly competitive landscape.

Seven's cost growth of 9.3 per cent over the past twelve months reflects the continuing significant investment in Australian programming and the first year of the new AFL agreement, and a change in accounting methodology in relation to revenue from contra advertising services provided in exchange for broadcast rights or other goods and services.

Revenue variable costs (those costs that vary directly with revenue, such as contra and licence fees) grew by 34.2 per cent in the period under review, largely reflecting that change in accounting methods. Other costs grew at 7.5 per cent and include the new AFL agreement.

Cost growth on a like-for-like basis is 6.7 per cent.

Newspapers

The West Australian and regional newspapers delivered EBITDA of \$137.2 million and EBIT of \$116.2 million on revenues of \$348.4 million.

EBITDA margin is 39.4 per cent. EBIT margin is 33.4 per cent.

The company continues to manage its newspaper business in a challenging environment holding cost growth to 1.8 per cent over the past twelve months, helping to offset the 1.2 per cent decline in circulation revenues to \$68 million and the 6.5 per cent decline in advertising revenue to \$264.8 million compared to the prior year.

Excluding depreciation and amortisation costs, cost growth for the year is 1.4 per cent.

The West Australian has increased its total Monday to Saturday audited circulation by 0.2 per cent for the June 2012 quarter, maintaining its position as one of the strongest performing newspapers in the country. Total newspaper revenue is down 5.2 per cent on the corresponding year reflecting difficulties in the overall advertising market.

Magazines

Seven West Media's magazine publishing business, Pacific Magazines, has delivered a positive performance in a challenging market – with EBIT of \$39.8 million on revenues of \$287.2 million.

EBITDA margin is 17.0 per cent. EBIT margin is 13.9 per cent. The company delivered a 5.4 per cent decrease in costs to \$247.4 million.

Recent circulation figures confirm Pacific Magazines' leadership in key publishing categories: home and lifestyle (58 per cent share), health (57 per cent share), fashion (46 per cent share), men's lifestyle (70 per cent share) and youth (46 per cent share).

The company is acknowledged as publishing Australia's most powerful portfolio of magazines, occupying the largest per title share of all major publishers. Pacific Magazines portfolio of 19 measured titles in a market of approximately 130 titles combine to deliver the company an overall 31 per cent share of circulation and a 28 per cent share of readership. The company's share of magazine market advertising revenue is 27 per cent.

Circulation revenue of \$177.7 million is down 1.2 per cent on the 2011-2012 financial year. Total advertising revenue of \$97.7 million is down 11 per cent on the previous financial year.

Sources: ABC audit, June 2012; Roy Morgan Single Source Australia, July 2011-June 2012; SMI July 2011-June 2012.

Online and Digital Media

Seven West Media's digital media presence through Yahoo!7, a joint venture with Yahoo! Inc continues its strong momentum, delivering 26.7 per cent growth in revenue, 20 per cent growth in EBITDA to \$45.4 million and 14.7 per cent growth in EBIT to \$36.6 million for the 2012 financial year.

Advertising revenue is up 15.7 per cent to \$84.6 million.

The above result is based on 100 per cent of the business. Seven West Media's share in Yahoo!7 is 50 per cent.

Yahoo!7 has continued its strong growth in audience with 8.8 million Australians visiting the site each month. Yahoo!7 has invested in new targeting products and solutions helping to secure its position as the fastest growing online publisher (of the top five publishers) with advertising share, up 37 per cent for the June quarter (according to Standard Media Index).

Yahoo!7 has also delivered a number of market leading mobile experiences in the first half including the Seven News app, with more than 550,000 downloads and Social TV app FANGO exceeding 500,000 downloads. Mobile audiences have grown over 200 per cent in the past year and Yahoo!7 is continuing its development of connected experiences across multiple devices across web, tablet and mobile.

Notes:

Pro forma twelve months are indicative accounts which have been prepared for the management of Seven West Media and other associated entities and are included as additional information. This data is included for information purposes only and has not been subject to the same level of review by the company as the statutory accounts and so is merely provided for indicative purposes. The company and its employees do not warrant the data and disclaim any liability flowing from the use of this data by any party. Other than the amounts that are taken directly from the company's full year accounts, this information has not been audited or reviewed.