

Seven West Media holds firm in challenging market

- Seven West Media delivers stable profit performance, ahead of guidance.
- Seven builds on audience delivery leadership and secures a record 40.4 per cent advertising revenue share in television across the 2012-2013 financial year.
- Publishing businesses out-perform peers in a challenging market.
- Cost management programme delivering.
- Strong margins maintained with operating cashflow before interest and tax of over \$500 million.

22 August 2013 -- Australia's leading multi-platform media business, Seven West Media, today reported the company's financial results for the 2012-13 financial year. The company reports a profit after income tax, excluding significant items, of \$225 million, on total revenue of \$1,867 million. This is within 1 per cent of the previous financial year and slightly above its market guidance.

The Chief Executive Officer of Seven West Media, Tim Woner, said: "This is a strong result. Our operating margins are healthy, our focus on leadership in content delivery across our businesses is good, and our well-defined management of our costs places us in a strong position to meet the challenges of the coming twelve months.

"Our television business continues to lead in both audience share and advertising revenue. Our publishing businesses are out-performing their peers in what is a challenging market, delivering great content, managing their costs and building the framework for their moves into new forms of content delivery and revenue streams.

"The company's objective over the coming twelve months is to further strengthen our financial performance in a challenging advertising market. We will continue to invest in content and drive home the leadership of our media businesses. We are deeply focused on cost management and developing greater synergies across our businesses."

The company is reporting a statutory net loss of \$70 million following the inclusion of significant items. Significant items of \$295 million after tax includes impairment of the magazine business intangible assets, the impairment of equity accounted investees, redundancy and restructure costs and other items.

A final dividend of 6 cents per share (fully franked) has been declared and will be paid in October 2013.

The interim dividend was paid in April 2013 and takes the total dividend to be paid by the company for the 2012-2013 financial year to 12 cents per share. Continuity of the dividend has been maintained, with approximately 50 per cent of net profit after tax being returned to shareholders.

Advertising Market and Revenue Performance

Our businesses have been operating in subdued conditions over the past year, with the group's strong margin being delivered in a tough and challenging advertising market, which declined 1.7 per cent in total compared to the previous financial year. The metropolitan television advertising market declined 2.2 per cent, the newspaper advertising market declined 19.6 per cent and the magazine advertising market declined 19.8 per cent on the 2011-2012 financial year. There have been some improvements in market revenue trends in the second half particularly in television where our market share improved consistently over the year to 40.5 per cent (January to June 2013).

Cost Management

Seven West Media has introduced a phased cost reduction programme which delivered \$71 million in improved revenue and reduced expenses in the 2012-2013 financial year. As a result of this continued focus on cost reduction initiatives, total group costs are down 1.6 per cent year on year. The first phase of the cost programme is complete, and exceeded the targets set as some benefits were delivered earlier than anticipated. Additional benefits from the programme are anticipated to be delivered in the 2014 financial year and work is already underway on the next phase of the programme to enhance performance in FY14 and beyond.

Business Performance

Television

Seven is Australia's most-watched television network in 2013.

Seven is number one on primary channels and the combined audiences of additional digital channels across primetime. Seven is the most-watched primary channel for total viewers in the current television year and our suite of additional channels delivers more viewers than anyone else. 7TWO is the most-watched additional channel for total viewers and 7mate is the most-watched additional channel in its men 16-54 target audience in the current television year.

Seven delivered EBITDA of \$320 million (25 per cent of revenue) down 3.6 per cent. This result was delivered on revenue of \$1,268 million, up 0.4 per cent on prior year.

Seven secured a market-leading 40.4 per cent share of the television advertising market across the 2013 financial year - the highest revenue share ever reported by a network not broadcasting an Olympic Games in an Olympic Games year - and a record for Seven.

Overall cost growth in television of 1.7 per cent reflects the continuing significant investment in Australian programming that underpins Seven's audience delivery including the first full year of the new Australian Football League agreement.

Newspaper Publishing

The West Australian drives the news agenda in Western Australia and is delivering world-class operating margins.

In the past year the WAN group has effectively restructured its operations and costs, and consolidated its circulation in what is undeniably a challenging market for newspapers.

The West Australian and regional newspapers delivered EBITDA of \$107.5 million (35 per cent of revenue). This performance was delivered on revenues of \$303.1 million, down 13.0 per cent on the prior year, reflecting the soft advertising market.

The newspaper business continues to manage its costs well in a challenging environment, achieving total cost savings of 6.8 per cent over the past twelve months helping to offset the decline in advertising revenues. This was before significant items which included restructuring and redundancy costs relating to The West Australian Newspapers business which will improve the future cost base.

Magazines Publishing

Recent circulation figures confirm Pacific Magazines' leadership in Australian consumer magazine publishing, as the company increased circulation and readership share in seven of the eleven categories in which it publishes. The company has built overall readership and delivered a circulation share increase in the last year.

Pacific Magazines, has delivered a positive financial performance in a challenging market, with EBITDA of \$36 million and revenue of \$256 million. Costs are down 8.3 per cent, reflecting savings in almost all operating areas of the business.

Due to the sustained weakness in the magazine advertising market an impairment charge of \$221 million was recorded in the financial year against the carrying value of magazines' goodwill, mastheads and licences.

Digital and Other Media

Digital and other media assets includes: Yahoo!7, Sky News, Quokka, Community Newspaper business and regional radio licences in Western Australia.

Yahoo!7 brings together the online assets of Yahoo! Inc including search and communications capabilities, a global internet network and the content creation and marketing strengths of Seven West Media. Engagement is strong with over 8 million Australians visiting Yahoo!7 each month. There were more than 90 million video streams over the year, and 3 million streamed episodes per month of Seven content on the PLUS7 service. PLUS7 is now available on iOS devices following a successful launch on selected smartphone and tablet devices in March.

The company's focus is on extending its leadership in content creation, and enhancing distribution to its audiences through new delivery platforms, broadening Seven West Media's connection with Australians through evolving communications platforms and delivery mechanisms.