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Australian Securities Exchange Limited  
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**PRESENTATION OF RESULTS TO ANALYSTS**

Following is a copy of the Presentation of Results for the financial half-year ended 29 December 2012.



SEVEN WEST MEDIA

**Results for the Half Year Ended 29 December 2012**

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## Agenda

FY13 Half Year Overview

Priorities and Outlook

Financials

Operating Divisions

- Television
- Digital / Adjacent verticals
- Publishing

Questions

# TELEVISION DIGITAL PUBLISHING



## FY13 Half Year. Overview

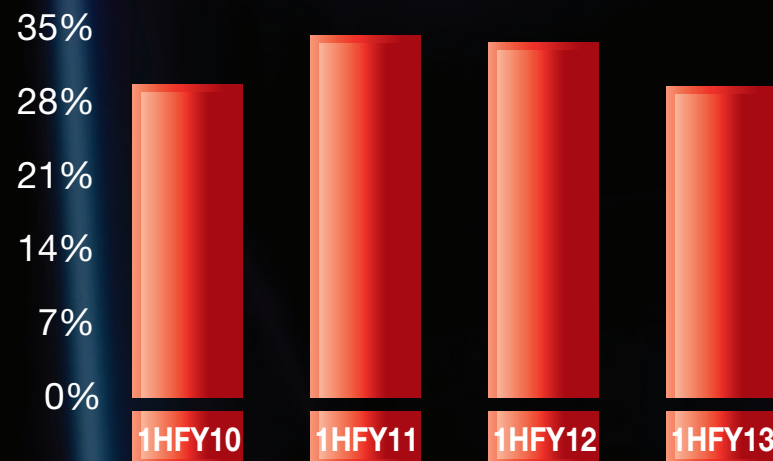
- ◆ Phase 1 Reduction initiatives achieved, further reviews underway
- ◆ Actual EBIT of \$259m exceeded targeted EBIT of \$250m disclosed at AGM from an EBITDA of \$289m
- ◆ Profit after tax excluding significant items of \$142m
- ◆ Net loss includes significant items (loss) of \$261m (\$252m net of tax) covering the impairments of carrying values in Magazines and Yahoo!7 and restructure costs leaving a net loss after tax of \$109m
- ◆ Overall group EBITDA margin of 29%
  - Television revenue share of 40% and EBITDA margin of 30%
  - Newspaper earnings reflect challenging advertising conditions with EBITDA margin of 37%
  - Magazines earnings reflect difficult economic conditions. EBITDA margin of 16%
  - Yahoo!7 total revenue of \$54m and EBITDA margin of 35%
- ◆ Net debt reduced by \$592m including capital raising of \$432m. Net debt now less than \$1.3 billion
- ◆ Dividends of 6c per share paid (totalling \$60m) to shareholders



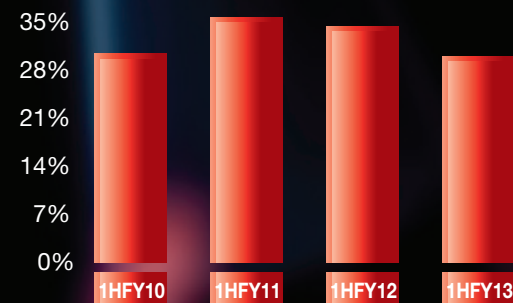
The information contained on this page may not necessarily be in statutory format. A full reconciliation of EBIT is provided in Appendix 4D.

## FY13 Half Year Proforma. Context and History

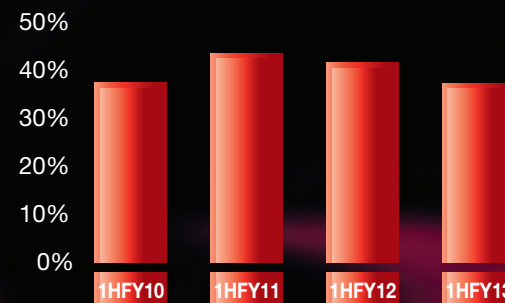
### ◆ SWM Group EBITDA



### ◆ TV Margin EBITDA



### ◆ Newspaper Margin EBITDA



### ◆ Magazine Margin EBITDA



FY13 includes 4 games of AFL and Summer Olympics on competitor network

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## Priorities and Outlook. **Group Outlook**

- While we expect the wider advertising market to continue to trend below previous year in the near term, market share goals remain at peak levels

- Total Advertising Market : July - December 2012 -2.9%

Year on year	TV Metro <sup>1</sup>	Magazines <sup>2</sup>	Newspapers <sup>2</sup>	On-line <sup>2</sup>
Jul-Dec 2012	-3.8%	-17.9%	-19.0%	+23.3%

Note: 1. Free TV 2. SMI

- Advertising. Market Outlook
  - TV - Flat to single digit growth
  - Magazines - No change to trend
  - Newspapers - No change to trend
  - On-line - Continued growth driven by Search
- ◆ Focus on cost control in all divisions while maintaining our investment in our products. Cost synergies within the Group especially in the “back of house” areas remains a priority
  - Total cost growth expectations
    - Group: Reduce from current levels
    - Television: Costs (including AFL) now expected to be closer to CPI or lower following reduction initiatives
    - Newspapers & Magazines: Costs declines of 5% targeted following reduction initiatives with further restructuring plans under review

## Priorities and Outlook. **Initiatives**

	FY13 Estimated Impact \$m	FY14 Goal \$m
<b>Phase I</b>		
• Revenue (cover price changes)		
- Newspapers	6	7
- Magazines	1	1
• Costs		
- Television	29	35
- Newspapers	12	14
- Magazines	12	13
<b>Total</b>	<b>60</b>	<b>70</b>
<b>Capex</b>	<b>14</b>	<b>?</b>
<b>Phase II</b>		
- Back office consolidation		<b>5</b>
- Supply chain / procurement		<b>20</b> <sup>1</sup>
- Organisation efficiencies		<b>10</b> <sup>2,3</sup>
- Process efficiencies		<b>10</b> <sup>2,3</sup>
- Policies and procedures		<b>5</b> <sup>1</sup>
<b>Total</b>		<b>50</b>
<b>Fiscal Year Total</b>	<b>74</b>	<b>120</b>

### Note

1. Supply Chain, Policies and Procedures study by Deloitte recommends FY2014 range of \$16-33m

2. Newspaper business is studying restructuring options

3. Magazine business is studying strategic options





## Priorities and Outlook. **Investor Briefing**

- ◆ An investor briefing session is planned for 8 May 2013
- ◆ Agenda to include :
  - Business Review
    - Advertising
    - Television
    - Digital / Adjacent Verticals
    - Publishing
  - Trading Update



# FINANCIALS

## Financials. Key Financial Numbers

	1HFY13 Actual \$m	1H FY12 Actual \$m
(Loss)/profit before tax	(56.7)	231.7
(Loss)/profit after tax	(109.3)	163.0
Basic EPS after tax (ordinary shares)	-11.4 cents	24.5 cents
Diluted EPS after tax	-9.5 cents	21.6 cents
<b>Proposed February 2013 interim dividend</b>	<b>6 cents</b>	<b>19 cents</b>

## Additional Information

### Earnings based on net profit excluding significant items net of tax

	1HFY13 Actual \$m	1H FY12 Actual \$m
Profit after tax excluding significant items	142.3	163.0
Basic EPS after tax (ordinary shares)	14.9 cents	24.5 cents
Diluted EPS after tax	12.4 cents	21.6 cents

Amounts, totals and change percentages calculated on whole underlying numbers and not the rounded amounts presented.

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## Consolidated SWM. Income Statement

	SWM Consol 1HFY13 \$m	SWM Consol 1HFY12 \$m
Revenue, other income and share of equity-accounted investees	986.3	1,023.9
Expenses	(727.0)	(714.2)
<b>Profit before significant items, net finance costs and tax</b>	<b>259.3</b>	<b>309.7</b>
Significant items	(260.7)	–
<b>(Loss)/profit before net finance costs and tax</b>	<b>(1.4)</b>	<b>309.7</b>
Net finance costs	(55.3)	(78.1)
<b>(Loss)/profit before tax</b>	<b>(56.7)</b>	<b>231.7</b>
Income tax expense	(52.7)	(68.6)
<b>(Loss)/profit after tax</b>	<b>(109.3)</b>	<b>163.0</b>

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## Consolidated SWM. Significant Items

	SWM Consol 1H FY13 \$m
<b>Significant Items:</b>	
Impairment of Magazine mastheads, licences and goodwill	(195.2)
Impairment of investment in Yahoo!7	(60.2)
<b>Total impairments</b>	<b>(255.4)</b>
Redundancy and restructure costs	(5.3)
<b>Total significant items before tax</b>	<b>(260.7)</b>
Income tax benefit	9.1
<b>Net significant items after income tax</b>	<b>(251.6)</b>

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## Consolidated SWM. Balance Sheet

	29 Dec 2012 Actual \$m	30 Jun 2012 Actual \$m	31 Dec 2011 Actual \$m
Receivables	283.7	329.9	287.1
Program rights and inventories	133.0	120.5	114.4
Intangibles	3,662.0	3,865.5	3,859.7
Investments	299.2	352.5	347.6
Fixed assets	255.0	262.4	273.8
Other assets including Tax	33.0	32.7	29.1
Current Payables, Provisions, Deferred Income and Tax	(434.6)	(429.0)	(407.7)
Non Current Payables, Provisions, Deferred Income and Tax	(86.6)	(60.4)	(60.7)
Net Cash/(Debt)	(1,262.7)	(1,854.7)	(1,830.0)
<b>Total Shareholders' Equity</b>	<b>2,882.0</b>	<b>2,619.4</b>	<b>2,613.4</b>

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## Consolidated SWM. Net Cash/Debt Flow

	1HFY13 Actual \$m	1HFY12 Actual \$m
<b>EBITDA</b>	<b>288.7</b>	<b>340.8</b>
Working capital and other movements	55.8	2.8
Net share of Associates/Dividends received from associates	(6.4)	2.0
<b>Operating cash flows before interest and tax</b>	<b>338.1</b>	<b>345.6</b>
Loans received/(issued)	(0.5)	(0.7)
Income tax paid	(47.5)	(50.5)
Net finance costs paid	(50.3)	(125.1)
Net payment for property, plant, equipment and software	(13.5)	(14.5)
Share issues (net)	432.0	0.4
Dividends paid	(59.9)	(64.6)
<b>Net increase in cash and cash equivalents</b>	<b>598.4</b>	<b>90.6</b>
Opening Net Cash/(Debt)	(1,854.7)	(1,943.5)
Movement in Unamortised refinancing costs	(6.4)	22.9
<b>Closing Net Cash/(Debt)</b>	<b>(1,262.7)</b>	<b>(1,830.0)</b>

### Note

- Closing net debt comprises net debt excluding unamortised refinancing costs of \$1,276.6m (Dec 11; \$1,852.9m) offset by unamortised refinancing costs of \$13.9m (Dec 11; \$22.9m).
- Tax paid this year still expected to be slightly more than half the FY12 level due to merger impact and timing differences
- Working capital still targeted at normal \$30-\$40m absorption this year.
- Reduction initiatives also reduce current year CAPEX levels to closer to \$40m for FY13 delivering the targeted \$14m identified.

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## SWM. Divisional Performance

### ◆ Revenue and EBIT by Division

	1HFY13 \$m	1HFY12 \$m	inc/(dec) %
<b>Revenue</b>			
Television <sup>1</sup>	666.1	655.8	1.6
Newspapers <sup>2</sup>	158.0	185.6	(14.9)
Magazines	133.6	150.0	(10.9)
Other <sup>4</sup>	28.6	32.5	(11.7)
	<b>986.3</b>	<b>1,023.9</b>	<b>(3.7)</b>
<b>EBIT<sup>3</sup></b>			
Television <sup>5</sup>	186.4	210.5	(11.5)
Newspapers <sup>2</sup>	48.7	66.5	(26.7)
Magazines	16.6	22.3	(25.4)
Other <sup>4, 5</sup>	7.6	10.4	(27.2)
	<b>259.3</b>	<b>309.7</b>	<b>(16.3)</b>

#### Note

- 1HFY13 includes \$13.7m of contra and advertorial revenue resulting from change in accounting methodology
- Newspapers includes The West Australian and Regionals.
- Market guidance for 1HFY13 EBIT of \$250m (including associates) provided at AGM on 13 November 2012.
- Other includes share of profit of equity accounted investees, Radio, Quokka, ColourPress, Digital and other.
- The prior period EBIT includes a reallocation of costs from Television to Other of \$4.8m. This is consistent with the treatment of these costs in the current period (also \$4.8m).

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## SWM. Costs By Division

- ◆ Expenses including Licence Fees and Depreciation (excluding Significant Items)

	1HFY13 \$m	1HFY12 \$m	inc/(dec) %
<b>Expenses</b>			
Television <sup>1, 3</sup>	479.7	445.3	7.7
Newspapers	109.3	119.1	(8.3)
Magazines	117.0	127.7	(8.4)
Other <sup>2, 3</sup>	21.0	22.1	(4.4)
	<b>727.0</b>	<b>714.2</b>	<b>1.8</b>

### Note

1. 1HFY13 includes \$13.7m of contra and advertorial costs resulting from change in accounting methodology. Like for like cost growth is 4.7%.
2. Other includes Radio, Quokka, ColourPress, Digital and other.
3. The prior period expenses include a reallocation of costs from Television to Other of \$4.8m. This is consistent with the treatment of these costs in the current period (also \$4.8m).

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## Television. Divisional Performance

	1HFY13 \$m	1HFY12 \$m	inc/(dec) %
<b>Revenue</b>			
Advertising <sup>1, 3</sup>	589.1	591.3	(0.4)
Other <sup>2</sup>	77.0	64.5	19.4
	<b>666.1</b>	<b>655.8</b>	<b>1.6</b>
<b>Costs<sup>3</sup></b>			
Revenue variable costs <sup>4</sup>	45.0	31.0	45.3
Other costs <sup>5</sup>	434.7	414.3	4.9
	<b>479.7</b>	<b>445.3</b>	<b>7.7</b>
<b>EBIT</b>	<b>186.4</b>	<b>210.5</b>	<b>(11.5)</b>

### Note

1. Includes all metro and regional advertising revenues from the placement of advertisements derived under broadcast licence agreements and are recognised on a weekly calendar basis. Previously advertorial revenue was allocated to other revenue.
2. Other includes affiliate fees, program sales and other.
3. 1HFY13 includes \$13.7m of contra and advertorial revenue and costs resulting from change in accounting methodology. Like for like cost growth is 4.7%.
4. Revenue variable costs include Licence fees, contra and advertorial costs which are directly variable to revenue streams.
5. The prior period expense includes a reallocation of costs from Television to Other of \$4.8m. This is consistent with the treatment of these costs in the current period (also \$4.8m).

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## Newspapers. Divisional Performance

	1HFY13 \$m	1HFY12 \$m	inc/(dec) %
<b>Revenue</b>			
Advertising	117.0	141.6	(17.4)
Circulation	33.9	35.0	(3.1)
Other	7.1	9.0	(21.1)
	<b>158.0</b>	<b>185.6</b>	<b>(14.9)</b>
<b>Costs</b>			
Depreciation & Amortisation	10.3	10.6	(2.8)
Other costs	99.0	108.4	(8.7)
	<b>109.3</b>	<b>119.1</b>	<b>(8.2)</b>
<b>EBIT</b>	<b>48.7</b>	<b>66.5</b>	<b>(26.7)</b>

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## Magazines. Divisional Performance

	1HFY13 \$m	1HFY12 \$m	inc/(dec) %
<b>Revenue</b>			
Circulation	85.7	89.8	(4.6)
Advertising	43.3	53.9	(19.7)
Other	4.6	6.3	(27.0)
	<b>133.6</b>	<b>150.0</b>	<b>(10.9)</b>
<b>Costs</b>			
Depreciation & Amortisation	4.3	4.5	(4.4)
Other costs	112.7	123.2	(8.5)
	<b>117.0</b>	<b>127.7</b>	<b>(8.4)</b>
<b>EBIT</b>	<b>16.6</b>	<b>22.3</b>	<b>(25.4)</b>

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## Other. Divisional Performance

	1HFY13 \$m	1HFY12 \$m	inc/(dec) %
<b>EBIT<sup>1</sup></b>			
Community News share of profits	1.3	1.6	(18.8)
Yahoo!7 share of profits	5.1	7.9	(35.4)
ANC share of profits	1.2	1.5	(20.0)
Net other businesses	0.0	(0.6)	100.0
	<b>7.6</b>	<b>10.4</b>	<b>(26.9)</b>

### Note

1. The prior period expense includes a reallocation of costs from Television to Other of \$4.8m. This is consistent with the treatment of these costs in the current period (also \$4.8m).

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## SWM. Net Debt

	Dec 12 Actual \$m	Jun 12 Actual \$m
<b>Syndicated Bank Facilities</b>	<b>1,494.6</b>	<b>1,930.0</b>
Cash	(231.9)	(75.1)
<b>SWM Total Net Debt</b>	<b>1,262.7</b>	<b>1,854.9</b>
SWM LTM EBITDA for calendar year 2012	482.8	535.0
SWM Total Leverage Ratio	2.6x	3.5x
SWM pro-forma Leverage Ratio incl. capital raising proceeds of \$433m in August 2012		2.7x

- ◆ Syndicated bank facilities amounts include \$13.9m (June 12: \$20.2m) of unamortised refinancing costs.
- ◆ At December 12, the average tenor of the debt was 3.47 years.
- ◆ Total margin on debt facilities, including amortisation of refinancing costs, remains at approximately 3%.
- ◆ Approximately \$865m of the debt is hedged using swaps at an average 'all in' rate of approximately 7%. \$400m of these swaps expire in March 2013.
- ◆ Approximately \$600m of interest rate collars in place which set floor of 3.13% for base rate.

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# OPERATING DIVISIONS



## Television. H1 2013 REVIEW

- ◆ Sixth consecutive year of ratings leadership
- ◆ History-making 40 plus revenue share in an Olympics half year
- ◆ Challenging and short advertising market
- ◆ Continued focus on the three pillars of The Seven Strategy

## The Seven Strategy. Australian Programs

- ◆ Relentless pursuit of new ideas for home grown programs
- ◆ The power of multiple night franchises, record premiere for My Kitchen Rules
- ◆ Emphasis on ideas that can extend to second screen and across all SWM media
- ◆ New drama and new multiple night reality franchise
- ◆ Cancellation of programs
- ◆ Cost management of longer running series

## The Seven Strategy. Live News and Public Affairs

- ◆ Maintain leadership position
- ◆ Extend the level of news programming
- ◆ More utility of what has been under-used content
- ◆ Ongoing examination of costs across the news unit

## The Seven Strategy. Live Sport

- ◆ Four game AFL deal delivers ratings share, revenue share and promotional platform
- ◆ Continued pursuit of live sport to power growth of digital channels
- ◆ Renewal of V8 Supercars and premier horse racing deals
- ◆ Portfolio of iconic events
- ◆ Cricket and Olympics update



# Digital. TRANSITION FUELLING NEW GROWTH





## Newspapers. H1 2013 REVIEW

- ◆ Advertising market continues soft and challenging
- ◆ Circulation stable & outperforming peers
- ◆ Continued cost management delivers 8.2% reduction pcg
- ◆ Focus on product quality delivers results
  - IFRA Quality Award
  - Gold Walkley – Steve Pennells
- ◆ Digital assets continue to grow

## Newspapers. OUTLOOK

- ◆ Ad market remains short, soft and cautious
- ◆ Circulation and market penetration robust and stable
- ◆ Continue to build on digital footprint
- ◆ Management to continue focus on efficiencies and initiatives



## Magazines. H1 2013 REVIEW

- ◆ Circulation sales and revenues impacted by soft retail conditions
- ◆ Advertising revenues down reflecting the highly competitive advertising environment
- ◆ Cost containment delivered reduction of 8% YOY
- ◆ Pacific Magazines strengthened its competitive position in circulation and readership shares

## Magazines. Outlook

- ◆ Circulation revenue outlook is relatively robust
- ◆ Advertising market remains short and very soft
- ◆ Cost management and increasing productivity continue
- ◆ Encouraging results from new revenue streams and digital publishing developments
- ◆ Key brands increased footprint with readers and consumers





# QUESTIONS