

18 February 2014

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

By electronic lodgment

Total Pages: 29 (including cover letter)

Dear Sir / Madam

PRESENTATION OF RESULTS TO ANALYSTS

Following is a copy of the Presentation of Results for the financial half-year ended 28 December 2013.

Yours faithfully



Warren Coatsworth
Company Secretary

Results for the Half Year Ended 28 December 2013



Disclaimer. Basis of Preparation of Slides

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**CREATING GREAT CONTENT.
AVAILABLE ANYWHERE. ANYTIME.**

Agenda

FY14 Half Year Highlights

Performance and Outlook

Financials

Operating Divisions

- *Television*
- *Digital*
- *Publishing*

Strategy Update

Questions

FY14 Half Year. **Highlights**

- Net profit after tax of \$150m up 5.5% on last year (excluding significant items).
- Group revenue trends improving.
- Cost reduction initiatives on track.
- EBIT of \$250m declined 3.5% on prior corresponding period.
- Strong margins maintained:
 - Group EBITDA of \$275m, 28% EBITDA margin
 - Television EBITDA margin 30%
 - Newspaper EBITDA margin 35%
 - Magazines EBITDA margin 12%
- Strong operating cashflows (before interest and tax) at \$256m.
- Interim FY14 dividend of 6 cents per share to be paid in April 2014.
- Leverage reduced, refinance completed.

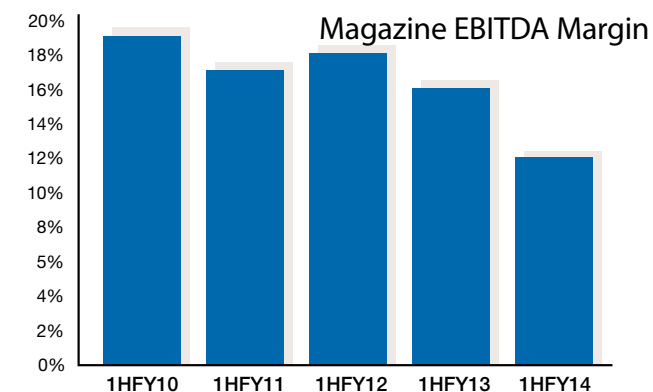
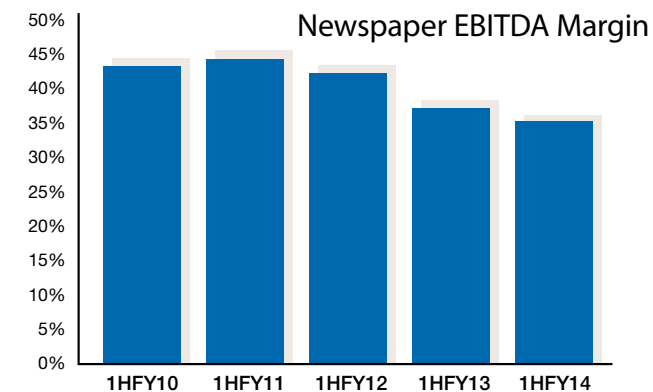
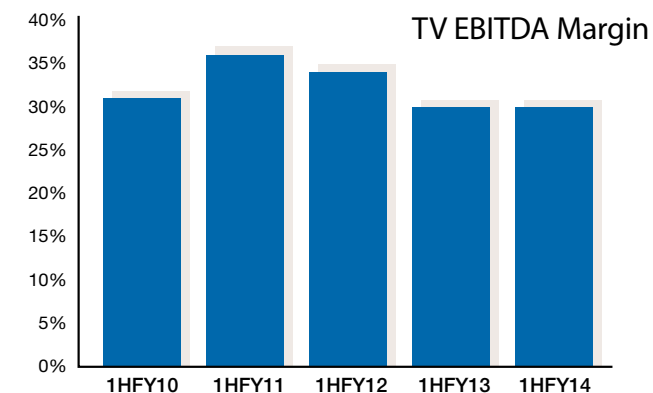
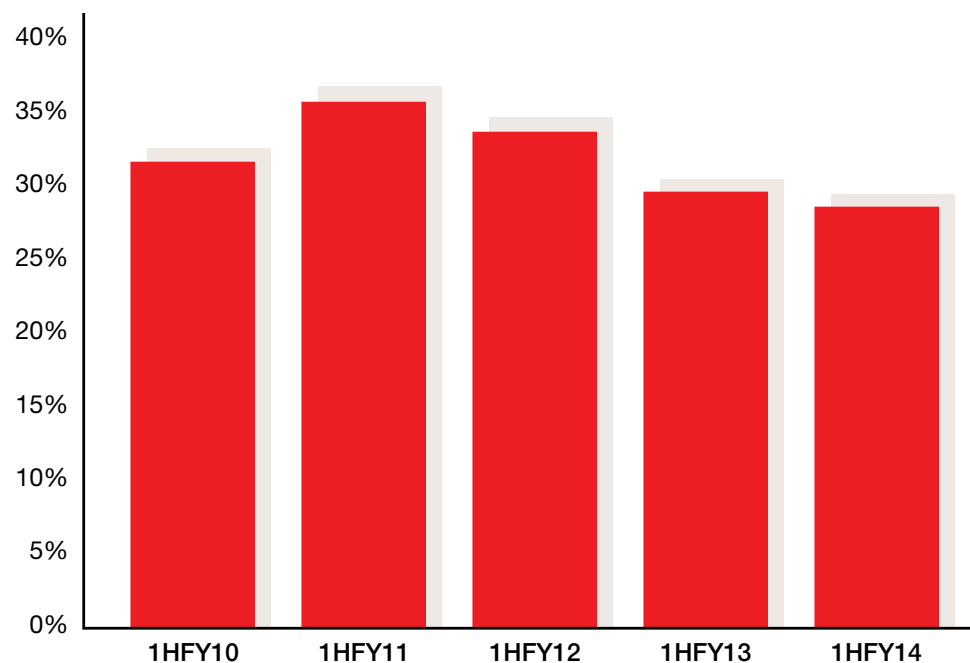


The information contained on this page may not necessarily be in statutory format. A full reconciliation of EBIT is provided in Appendix

FY14 Half Year. Highlights (continued)

Strong EBITDA Margins Maintained

SWM Group EBITDA Margin



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A full reconciliation of EBIT is provided in Appendix 4D.

Performance and outlook. **TV ad market returns to growth**

Total Advertising Market : July 2013 - December 2013 +4.8%²

Year on year	TV Metro ¹	Newspapers ²	Magazines ²
Jan 13 - Jun 13	-0.3%	-22.0%	-22.5%
Jul 13 - Dec 13	5.0%	-16.3%	-17.5%

Advertising Market Outlook

- TV – Low to mid single digit growth
- Newspapers – Continuation of current trend
- Magazines – Rate of decline expected to lessen

Seven West's Performance

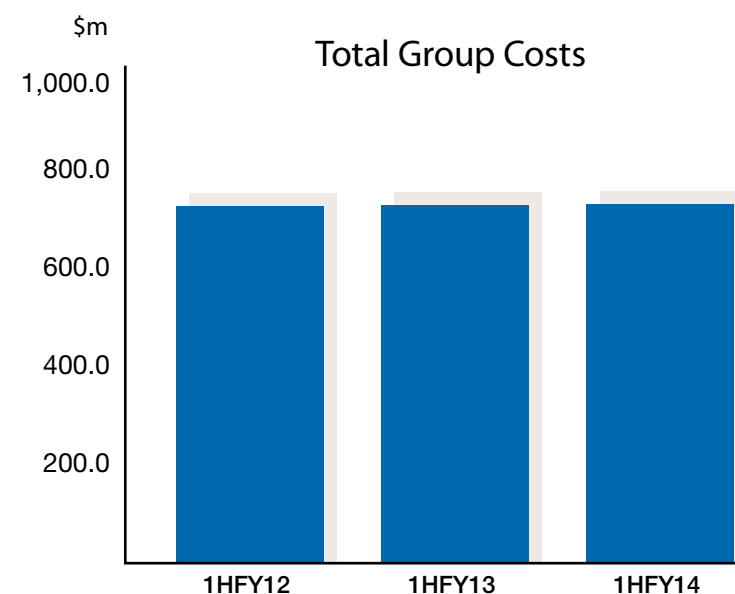
- Television market share was 39.7% in a half including two Ashes Cricket series
- Television revenue (as a percentage of total group revenue) increased to 70% (H1FY13: 68%)
- Advertising market share in our print businesses increased
- Low single digit growth in group NPAT for full year

Note: 1. Free TV 2. SMI agency bookings



Cost and Revenue Initiatives. Cost initiatives on target

\$'m	FY13 Achieved	FY14 Incremental Benefits	Total Target
Revenue			
– Newspapers	5	2	7
– Magazines	1	1	2
Costs			
– Television	30	16	46
– Newspapers	16	21	37
– Magazines	19	10	29
Total	71	50	121



Outlook of Costs

- FY14 Group cost base will be similar, in absolute terms, to FY13

FINANCIALS



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Pacific *magazines*

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The West
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Financials. Key Group Results

Statutory Results

	1HFY14 \$m	1HFY13 \$m
Profit/(loss) before tax	210.0	(56.7)
Profit/(loss) after tax	150.1	(109.3)
Basic EPS after tax	15.0 cents	-11.4 cents
Diluted EPS after tax	13.2 cents	-9.5 cents
Proposed April 2014 interim dividend	6 cents	6 cents

Additional Information

Earnings per share based on net profit excluding significant items (net of tax)

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Profit/(loss) after tax	150.1	(109.3)	
Significant items (net of tax)	-	(251.6)	
Profit after tax excluding significant items	150.1	142.3	5.5
Basic EPS after tax	15.0 cents	14.9 cents	1.0
Diluted EPS after tax	13.2 cents	12.4 cents	6.5

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

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Consolidated SWM. Income Statement

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Revenue, other income and share of equity accounted investees	975.8	986.3	(1.1)
Expenses	(725.5)	(727.0)	(0.2)
Profit before significant items, net finance costs and tax	250.3	259.3	(3.5)
Net finance costs	(40.3)	(55.3)	(27.1)
Profit before significant items and tax	210.0	204.0	2.9
Significant items	-	(260.7)	-
Profit/(loss) before tax	210.0	(56.7)	470.5
Tax expense	(59.9)	(52.6)	13.8
Profit/(loss) after tax	150.1	(109.3)	237.3

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Consolidated SWM. Net Debt / Cash Flow

	1HFY14 \$m	1HFY13 \$m
EBITDA	275.4	288.7
Working capital and other movements	(11.6)	55.8
Dividends received net of share of associates profit	(7.5)	(6.4)
Operating cash flows before interest and tax	256.3	338.1
Tax paid	(46.5)	(47.5)
Net finance costs paid (including refinance costs)	(35.7)	(50.3)
Net payment for property, plant & equipment and software	(13.7)	(13.5)
Payments for own shares/ share issues	0.1	432.0
Dividends paid	(59.9)	(59.9)
Other	0.2	(0.5)
Net increase in cash and cash equivalents	100.8	598.4
Opening net cash/ (debt)	(1,240.8)	(1,854.7)
Change in unamortised refinancing costs	(1.8)	(6.4)
Closing net cash/(debt)	(1,141.8)	(1,262.7)

Note

- Closing net debt, excluding unamortised refinancing costs, is \$1,150.4m (Dec 12: \$1,276.6m). Closing unamortised refinancing costs are \$8.6m (Dec 12: \$13.9m).

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SWM. Net Debt

	Dec 13 \$m	June 13 \$m	Dec 12 \$m
Syndicated bank facilities⁽¹⁾	1,499.9	1,498.1	1,494.6
Cash	(358.1)	(257.3)	(231.9)
SWM total net debt	1,141.8	1,240.8	1,262.7
SWM LTM EBITDA	466.7	480.0	482.8
SWM Total Leverage Ratio	2.4x	2.6x	2.6x

- Successful refinancing of all facilities completed.
- Permanent repayment of over \$100 million resulting in \$1.4 billion of revolving bank facilities with initial repayment date of October 2017.
- Lower cost of funding achieved.
- Approximately \$1 billion of the debt is hedged.

Note

1. Syndicated bank facilities are net of \$8.6m (June 13: \$10.4m; Dec 12: \$13.9m) of unamortised refinancing costs.

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Group Revenue Performance. Revenue trends improving

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Revenue			
Television	683.7	666.1	2.6
Newspapers	139.4	158.0	(11.8)
Magazines	123.8	133.6	(7.3)
Other ⁽¹⁾	28.9	28.6	1.0
	975.8	986.3	(1.1)

Revenue as a % of Group			
Television	70%	68%	+2.5pts
Newspapers	14%	16%	-1.7pts
Magazines	13%	14%	-0.9pts
Other	3%	3%	-

Note

1. Includes share of profit of equity accounted investees.

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Group Costs and EBIT.

Total group costs are maintained at similar levels to last year

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Expenses ⁽¹⁾			
Television	493.2	479.7	2.8
Newspapers	100.6	109.3	(7.9)
Magazines	110.5	117.0	(5.6)
Other	21.1	21.0	0.7
	725.5	727.0	(0.2)

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
EBIT			
Television	190.4	186.4	2.2
Newspapers	38.8	48.7	(20.3)
Magazines	13.3	16.6	(19.9)
Other	7.8	7.6	2.0
	250.3	259.3	(3.5)

Note

1. Expenses include licence fees and depreciation and exclude significant items.

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Divisional Performance. **Television**

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Revenue ⁽¹⁾			
Advertising	606.1	589.1	2.9
Other	77.6	77.0	0.8
	683.7	666.1	2.6
Costs			
Revenue variable costs ⁽²⁾	46.3	45.0	2.9
Other costs	446.9	434.7	2.8
	493.2	479.7	2.8
EBIT	190.4	186.4	2.2

Note

1. Advertising revenue includes advertorial revenue. Other revenue includes affiliate fees, program sales and other sundry revenue.
2. Revenue variable costs include licence fees, contra and advertorial costs which are directly variable to revenue streams.

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Divisional Performance. Newspapers

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Revenue			
Advertising	100.6	117.0	(14.0)
Circulation	32.2	33.9	(5.0)
Other	6.6	7.1	(6.9)
	139.4	158.0	(11.8)
Costs			
Depreciation & amortisation	10.6	10.3	3.0
Other costs	90.0	99.0	(9.1)
	100.6	109.3	(7.9)
EBIT	38.8	48.7	(20.3)

Circulation ⁽¹⁾

Average daily issues (000's)	169	183	(7.6)
Average weekend issues (000's)	279	304	(8.3)

Note

1. Source: ABC.

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Divisional Performance. **Magazines**

	1HFY14 \$m	1HFY13 \$m	Inc/(dec) %
Revenue			
Circulation	78.6	85.7	(8.3)
Advertising	40.1	43.3	(7.3)
Other	5.1	4.6	10.0
	123.8	133.6	(7.3)
Costs			
Depreciation & amortisation	2.0	4.3	(54.3)
Other costs	108.5	112.7	(3.7)
	110.5	117.0	(5.6)
EBIT	13.3	16.6	(19.9)
Circulation and readership			
Total circulation ⁽¹⁾ (m's)	23.2	25.3	(8.3)
Readership ⁽²⁾ (m's)	206.0	213.4	(3.5)

Note

1. Source: ABC.
2. Source: Roy Morgan.

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OPERATING DIVISIONS



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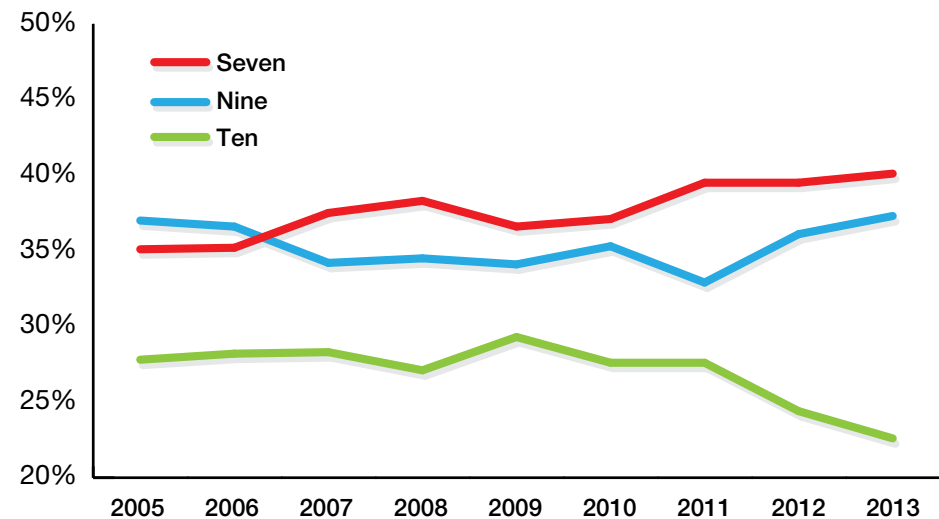
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TELEVISION

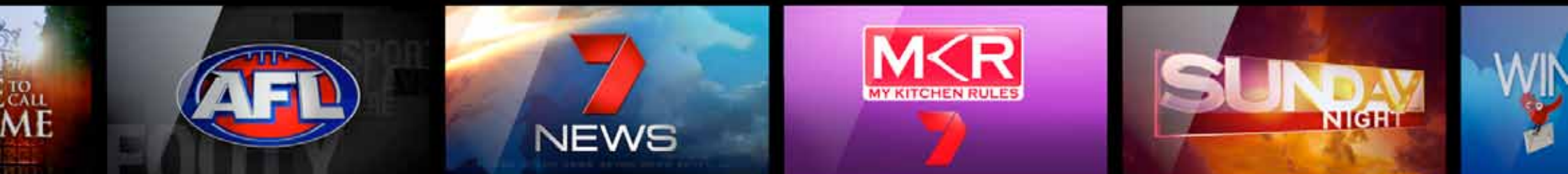
Television. HY 2014 REVIEW

- Television market returns to growth
- #1 share of TV advertising market across HY14 at 39.7% (CY13: 40.1%)
- 14th consecutive half of ratings leadership
- Share growth in all key demographics in 2013
- 13 of the Top 20 programs in 2013 on Seven
- Extended regional affiliate agreement with Prime Media Group
- Hours of content produced internally continues to grow
- Seven content over half of our primary channel schedule

Commercial primetime ratings share



Source: Oztam, 18:00-22:30, total people



TELEVISION

The Seven Strategy.

- Strategic programming investment delivering returns
- Focus on improving ratings performance nationally
- Expanding production capabilities with new overseas ventures
- Launched one hour News format on east coast
- Leveraging AFL, Tennis, Golf and Horse Racing to build on leadership in sport
- Strong international demand for internally produced content
- Launched new channels



DIGITAL

Digital. Transition

HbbTV

- HbbTV launch scheduled for May
- Combines power of broadcast television and the internet
- Opens new opportunities in VOD, targeted advertising and e-commerce
- Allows us to have a 1-on-1 conversation with our audience

Yahoo!7 / Online

- Video revenue up 40% from 13% growth in video streams
- Strong demand for long form video
- Display growing but yields under pressure
- Big Data integrated campaigns delivering results
- Video and mobile opportunities the key priority



PUBLISHING

Newspapers. HY 2014 REVIEW

- Circulation revenue trends continue to outperform peers
- Market leading margins maintained at similar levels
- Core classifieds remains soft, rate of decline slowing in national display advertising
- Cost initiatives delivered a 9% year-on-year reduction without compromising quality of The West
- Building on integration with Channel 7 Perth to drive greater revenue and operating synergies
- Newsgate platform rollout on track, enhancing the digital delivery of The West



Magazines. HY 2014 REVIEW

- Advertising share grew to 27.6% in HY14 (24.9% HY13)
- Our leading brands have strengthened their competitive position in circulation and readership shares
- Advertising revenues down, although rate of decline slowed
- Cost initiatives on track, 4% year-on-year reduction in operating costs
- Digital growth gaining traction with page views up 55% and social networking footprint doubling over last 6 months
- Rollout of new measurement platform, MAPP, to meet advertisers demand for measurability



STRATEGY UPDATE



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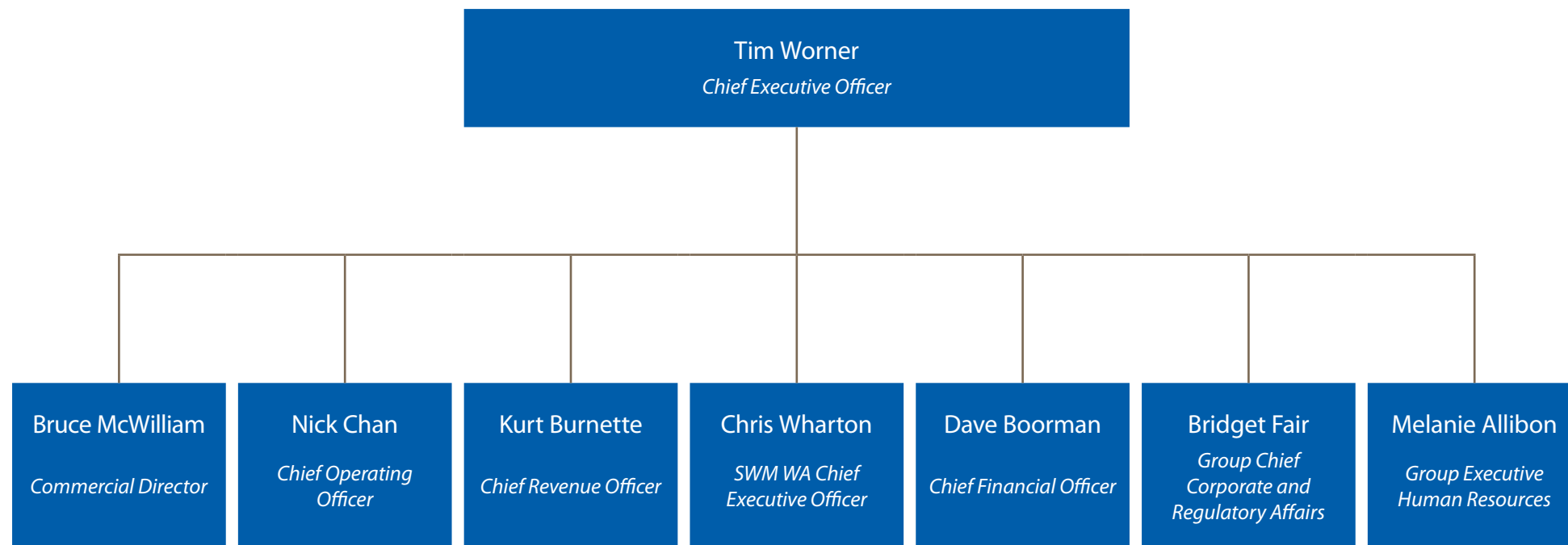
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CONTENT AT THE CORE

- Leading content company in Australia
- Own some of the best brands and franchises in the country
- Content ownership provides us the flexibility to drive greater returns by monetising across platforms
- Leverage long standing relationships with international content owners to enhance our portfolio when necessary
- Market leading positions in TV, digital and publishing enable us to engage 18m Australians every month



MANAGEMENT STRUCTURE



STRATEGIC FRAMEWORK

MAINTAIN LEADERSHIP

- #1 TV Network
- Largest producer of Australian content
- Leading publishing business
- Digital reach

REDEFINE the OPERATING MODEL

- Cost programs delivering
- New management structure
- Digital capabilities

FUEL NEW GROWTH

- HbbTV roadmap
- Progress on Big Data platform

STRATEGY UPDATE

Strategy Update

- Foundations for our strategy laid over the last six months
- New management structure in place including new appointments
- Begin monetising Big Data by the end of 2014
- Expanding into Health vertical with the launch of HealthyMeTV
- Launch of HbbTV in May

Redefining the operating model: RED

- Leverages the benefits of an integrated media company to deliver premium advertising solutions
- RED sales account for more than 20% of group revenue, doubling over the last three years
- First and largest integrated sales team in the market
- Instrumental in driving demand for these solutions



QUESTIONS



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