

17 February 2016

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

***By electronic lodgment***

Total Pages: 6 (including covering letter)

Dear Sir / Madam

**HALF-YEAR MEDIA RELEASE**

Please find attached Media Release for the financial half-year ended 26 December 2015.

Yours faithfully



**Warren Coatsworth**  
Company Secretary

17 February 2016

**Seven West Media releases interim financial results for half year ended 26 December 2015**

- Seven builds on leadership in audience delivery in television.
- Seven delivers another market leading advertising revenue share in television across the first half of the financial year. Publishing businesses out-perform peers in a challenging market.
- Market-leading strong margins delivered across all key media businesses with operating cash flow before interest and tax of more than \$186.7 million.
- Seven West Media delivers an underlying net profit of \$140.3 million on total revenues of \$892.9 million across first six months of the current financial year.
- Tight and disciplined cost management focus maintained -- with total costs down 4.0 per cent in the period.
- The company has maintained EBIT guidance issued at its annual general meeting last November.

17 February 2016 --- Australia's leading multi-platform media business, Seven West Media, today reported the company's interim financial results for the first half of the 2015-2016 financial year.

Profit before significant items, net finance costs and tax (EBIT) is \$185.9 million. Profit before significant items, net finance costs, tax, depreciation and amortisation (EBITDA) is \$229.3 million.

**Overview**

Commenting, CEO and Managing Director of Seven West Media, Tim Worner, said: "Today's result in an extraordinarily competitive and rapidly changing market is positive. We are delivering leadership in broadcast television, and our digital and publishing businesses continue to deliver market-leading margins.

"Our company's focus is clear: driving home our leadership in content creation and to use the strengths of our media businesses to drive better outcomes for our audiences and our advertisers on digital platforms. We are building and transforming our businesses, managing our costs, focusing on our core strength of content creation and rapidly expanding our presence across all communications devices.

"Our objective is leadership in content and leadership in delivery across our media platforms. Our focus is firmly on the delivery of results for our shareholders. We will continue to invest in our content and our businesses. We will continue to be rigorous in our cost management. We will also accelerate our moves into new forms of delivery to audiences building on the success of our live streaming, our PLUS7 presence and our Presto partnership with Foxtel."

## Statutory Results

After significant items, the company reports a statutory net profit of \$135.2 million for the six months to 26 December 2015. The company reported significant items of \$5.1 million net of tax. This reflects one-off redundancy costs as part of an ongoing transformation programme across the business.

Underlying net profit after tax is \$140.3 million – up 2.1 per cent on the corresponding half.

## EBITDA Margin

Seven West Media delivered an overall EBITDA margin of 25.7 per cent reflecting the strong performances of the company's key market-leading media businesses.

## Dividend

An interim dividend of 4 cents per share (fully franked) has been declared.

## Outlook

Management earnings guidance for the 2016 financial year remains in line with the company's annual general meeting commentary. Management forecasts growth in the television advertising market to be relatively flat year-on-year. The publishing advertising market is expected to continue in line with current trends. Programme sales and third party productions are expected to deliver double digit growth. The company has issued guidance for the group's 2016 financial year percentage change in EBIT to be at the lower end of guidance down approximately 10 per cent on the prior year.

## Results

	<b>Half Year Ended 26 December 2015</b>	<b>Half Year Ended 27 December 2014</b>
<b>Interim Results</b>		
Profit (Loss) before tax	\$178.6 million	(\$952.7) million
Profit (Loss) after tax	\$135.2 million	(\$993.6) million
Profit (Loss) attributable to shareholders	\$135.2 million	(\$993.6) million
Basic EPS	9.0 cents	(98.6) cents
Diluted EPS	8.9 cents	(98.6) cents
Interim Dividend per Ordinary Share	4 cents	6 cents
<b>Additional Information:</b>		
Significant items before tax	(\$7.3) million	(\$1,148.1) million
Profit before tax excluding significant items	\$185.9 million	\$195.4 million
Profit after tax excluding significant items net of tax	\$140.3 million	\$137.5 million

Seven West Media reports a profit after income tax, excluding significant items net of tax of \$140.3 million on total revenues of \$892.9 million. EBITDA of \$229.3 million is down from \$250.7 million in the prior corresponding period with EBIT of \$205.4 million down from \$226.9 million in the prior corresponding period.

<b>Interim Results</b>	<b>Half Year Ended 26 December 2015</b>	<b>Half Year Ended 27 December 2014</b>
Total Revenue*	\$892.9 million	\$943.0 million
EBITDA	\$229.3 million	\$250.7 million
EBIT	\$205.4 million	\$226.9 million
Underlying NPAT	\$140.3 million	\$137.5 million
<b>Reconciliation to statutory results:</b>		
Profit before significant items, net finance costs and tax	\$205.4 million	\$226.9 million
Net finance costs	(\$19.5) million	(\$31.5) million
Profit before tax excluding significant items	\$185.9 million	\$195.4 million
Significant Items	(\$7.3) million	(\$1,148.1) million
Profit (Loss) before income tax	\$178.6 million	(\$952.7) million
<i>*Revenue includes share of equity-accounted investees and other income</i>		

## Balance Sheet

Seven West Media has been consistent with its strategy to reduce net debt which now stands at \$655.5 million in December 2015 (\$1,001.9 million at June 2015). At 26 December 2015, the group's debt leverage ratio was 1.7x.

On 15 September 2015, the company announced an on-market share buy-back of up to \$75 million. As of today, \$3.8 million worth of Seven West Media shares has been bought back.

## Operating Margins

Seven West Media delivered an overall EBITDA margin of 25.7 per cent.

The company's key businesses continue to maintain strong margins with television delivering an EBITDA margin of 29.8 per cent, newspapers EBITDA margin of 28.6 per cent and magazines EBITDA margin of 7.6 per cent. All EBITDA margin percentages exclude the impact of significant items.

## Cost Management

Group operating costs (including depreciation and amortisation) decreased 4.0 per cent in the period to \$687.5 million as a result of continued focus on cost reduction initiatives. Newspapers and Magazines delivered cost reductions of 8.3 per cent and 3.3 per cent while Television delivered a 3.6 per cent reduction in costs versus the corresponding half year. Management reiterates its annual general meeting last November cost guidance and expects Group costs growth to be lower than the previous financial year excluding 3rd party commissions and event costs.

## **Business Performance**

### **Broadcast Television**

Seven delivered EBIT of \$185.4 million on revenues of \$662.9 million. EBIT margin is 28.0 per cent and EBITDA margin is 29.8 per cent.

Seven continues to lead the market in television advertising revenue share in a tough advertising market. The latest industry figures put Seven's share of the advertising revenue market at 38.5 per cent for the July-December half year and 39.0 per cent across the 2015 calendar 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 2015 television year and is delivering a strong performance across the opening weeks of the 2016 television year.

Seven's cost management in the first six months reflects the tight cost control while continuing its significant investment in Australian programming.

The network is delivering a strong performance across its digital broadcast platform of Seven, 7TWO and 7mate. Seven will soon launch a new channel: 7flix. The network is expanding its presence in media, driving its leadership in the creation of content and delivering that content anywhere, anytime to the biggest audiences. The company is expanding its presence beyond its digital broadcast channels across an array of platforms, including live-streaming of its broadcast channels to any connected device. Seven has also secured a major presence in subscription video on demand through its Presto joint venture with Foxtel.

Seven is now creating more content than at any time in its history and is expanding its presence in international content production with the formation of two new international production companies: 7Wonder and 7Beyond. These two new businesses underline a key part of its strategy for today and in the future: the expansion of the company's leadership in the production of content.

### **Online and Digital Media**

Seven West Media is increasingly a 'content and audience' business. Digital content engagement is at the centre of our value proposition. The company is committed to accelerating its digital growth by investing in bringing our content faster to market whether via AVOD, SVOD, TVOD and live, that will drive shareholder value.

Yahoo7 remains a key platform in the company's digital strategy with scale audiences in online and mobile and progress across the second and third screens. Demand for online video continues to grow rapidly with more than 96.8 million videos streamed over the past six months, up 39.4 per cent on the previous first half, and an increase of 34.4 per cent in PLUS7 episodes streamed for the six months to December.

Yahoo7 delivered total revenue of \$50 million and an EBITDA margin of 39.3 per cent. This is based on 100 per cent of the business. Seven West Media's share in Yahoo7 is 50 per cent.

Seven's launch of the live-streaming of its broadcast channels –Seven, 7TWO and 7mate – is garnering impressive results with Melbourne Cup Day delivering 488,000 streams and the Australian Open building 67 per cent on last year to deliver 7.4 million streams.

Presto has recorded significant subscriber growth, with subscriptions climbing 210 per cent in the first half of this financial year.

### **Newspaper Publishing**

The West Australian and regional newspapers delivered EBITDA of \$34.7 million and EBIT of \$24 million on revenues of \$121.4 million. EBITDA margin is 28.6 per cent. EBIT margin is 19.8 per cent.

The company continues to manage its newspaper business in a challenging environment with costs down 8.3 per cent over the prior corresponding period, helping to offset the 9.3 per cent decline in circulation revenues to \$28.6 million and the 14.8 per cent decline in advertising revenue to \$78.0 million compared to the prior corresponding period. Excluding depreciation and amortisation costs, cost reduction for the year is 9.2 per cent.

The West Australian has maintained its position as one of the strongest performing newspapers in the country. According to recent publishing figures, The West Australian is the most-read newspaper in Western Australia. The West Australian reaches an average weekday readership of 583,000 people per day (Source: EmmaTM conducted by Ipsos MediaCT for the rolling 12 months ending December 2015). The West's online audience is now more than 500,000 and social audience is up 30 per cent year-on-year.

The West is expanding its level of engagement with its audiences, with an increasing level of integration with Channel Seven Perth and the launch of a new integrated newsroom with Seven and the implementation of a new multi-media editorial publishing platform which will further advance The West's digital delivery of its content.

### **Magazines Publishing**

Seven West Media's magazine publishing business, Pacific Magazines, has delivered a positive performance in a challenging market – with EBIT of \$7.3 million on revenues of \$106 million. EBITDA margin is 7.6 per cent. EBIT margin is 6.9 per cent. The company delivered a 3.3 per cent decrease in costs to \$98.7 million.

Circulation revenue of \$67.1 million is down 5.4 per cent on the corresponding period. Total advertising revenue of \$32.8 million is down 15.5 per cent on the corresponding period.

The company's share of consumer magazine market advertising revenue is 30.7 per cent (Source: SMI). Pacific Magazines is the only magazine publishing business building advertising revenue share. The company delivered an overall circulation share of 36.0 per cent (Source: ABC based on 15 audited titles) and readership share of 30.0 per cent (Source: emmaTM conducted by Ipsos MediaCT based on 17 audited titles).

The company is continuing its digital transformation – a commitment which is seeing a 68 per cent increase in social and digital audiences to 12.9 million Australians.