

Seven West Media

1HFY17 Results Presentation



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Agenda

1H FY17 Results Presentation

Performance & Outlook

Financial Results

Operating Performance

Strategy

Q & A



Performance & Outlook

Maintain Leadership



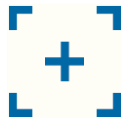
- Maintain leadership in all core markets
- Monetise strong audience performance
- Leverage the strength of our content and brands to establish leadership in new markets



- #1** 21st consecutive half of TV ratings and revenue leadership
- #1** Most profitable Australian FTA TV business
- #1** in all key TV demographics
- #1** Live streaming broadcaster and **#1** catch-up TV app
- #1** Australian digital content publisher since August 2016
- #1** Publisher in target markets

Performance & Outlook

Redefine the Operating Model



Focus

- Multiplatform content teams
- Drive greater utilisation of content across assets to maximise SWM and client outcomes
- Leverage technology to drive greater efficiencies



Progress

- ✓ **Multiplatform delivery of major content – Rio 2016 Olympics, AFL, 7Tennis and key owned programming**
- ✓ **Cross network cost sharing programs in TV accelerating**
- ✓ **Completed the first phase of The Sunday Times and PerthNow integration**
- ✓ **Pacific portfolio rationalised resulting in a 20% headcount reduction**
- ✓ **Development of unique multiplatform sales proposition**

Performance & Outlook

Fuel New Growth



- Expand content production capabilities domestically and overseas
- Leverage the scale of SWM's total audiences to accelerate new revenue streams and investments
- Capitalise on digital innovation and new investments



- ✓ **Largest production company in Australia with continued strong growth in global commissions and program sales**
- ✓ **New digital revenue streams across assets – digital revenue up 200%¹**
- ✓ **New digital products establishing leadership positions²**
- ✓ **Significant growth in the value of digital investments leveraging the power of our assets**

Note/s: 1. 100% SWM-owned digital assets; revenue for 1HFY17 vs. pcp. 2. For example, Beauty Crew is now Australia's #1 digital beauty destination.

Performance & Outlook

1HFY17 Results

1HFY17 Financials

- EBIT of \$148.5m down 27.7% (incl. results from early stage investments)
- Costs down 3.8% (excl. major events and 3rd party commissions)
- Profit after tax of \$12.4m incl. significant items, \$95.7m excl. significant items
- Operating cash conversion at 102% with operating cashflow of \$174.7m
- Group net debt leverage ratio of 2.2x
- Interim dividend of 2 cents per share fully franked

Outlook

- AGM guidance maintained based on current visibility
- Group EBIT to be down approximately 20% year-on-year (YoY)
- Group operating costs down incl. AFL (excl. Olympics and 3rd party commissions)
- TV advertising market to be down low single digits YoY, 2HFY17 trending better vs. 1HFY17
- Full year publishing advertising market trends to continue
- Program sales and 3rd party commissions to deliver greater than 25% revenue growth, strengthening our position for the future
- 100% SWM-owned digital to deliver greater than 150% annual revenue growth

Financial Results

1HFY17 Results Presentation

Home and Away
REVENGE

Presentation on 15 February 2017 | Results for the Half Year ended 24 December 2016



SEVEN WEST MEDIA

Financial Results

Key Group Results

Statutory Results¹

\$m	1HFY17	1HFY16	Inc/(dec) %
Profit before tax	46.8	178.6	(73.9)
Profit after tax	12.4	135.2	(90.8)
Basic EPS	0.8 cents	9.0 cents	
Diluted EPS	0.8 cents	8.9 cents	
Proposed interim FY17 dividend	2.0 cents	4.0 cents	

Additional Information

\$m	1HFY17	1HFY16	Inc/(dec) %
Profit after tax (excl. significant items)	95.7	140.3	(31.8)
Significant items (net of tax)	(83.3)	(5.1)	nm ³
Profit after tax (incl. significant items)	12.4	135.2	(90.8)
Basic EPS ²	6.4 cents	9.3 cents	
Diluted EPS ²	6.4 cents	9.3 cents	

Note/s: 1. Statutory results incl. significant items. 2. EPS based on net profit excl. significant items (net of tax). 3. "nm" means "not meaningful"

Financial Results

Consolidated Income Statement

\$m	1HFY17	1HFY16	Inc/(dec) %
Revenue and other income	906.1	896.7	1.0
Share of loss of equity accounted investees	(0.9)	(3.8)	(76.3)
Expenses (incl. depreciation)	(756.6)	(687.5)	10.1
Profit before significant items, net finance costs and tax (EBIT)	148.5	205.4	(27.7)
Net finance costs	(19.1)	(19.5)	(2.1)
Profit before significant items and tax	129.4	185.9	(30.4)
Significant items before tax	(82.6)	(7.3)	nm
Profit before tax	46.8	178.6	(73.9)
Tax expense	(34.4)	(43.4)	(20.7)
Profit after tax	12.4	135.2	(90.8)
Underlying profit after tax (excl. significant items)	95.7	140.3	(31.8)

Financial Results

Consolidated Cashflow

\$m	1HFY17	1HFY16	Inc/(dec) %
EBITDA	170.8	229.3	(25.5)
Working capital and other movements	18.7	(46.1)	nm
Redundancy and restructuring (significant items)	(16.4)	(2.8)	nm
Dividends received net of share of associates profit	1.6	6.3	(74.6)
Operating cash flows before interest and tax	174.7	186.7	(6.4)
Net tax paid	(33.8)	(7.0)	nm
Net finance costs paid	(14.9)	(17.2)	(13.4)
Net payment for property, plant & equipment and software	(11.9)	(12.7)	(6.6)
Proceeds and payments for investments (incl. loans)	(20.9)	(6.4)	nm
Dividends paid	(60.3)	(60.5)	(0.3)
Proceeds from share sale / (buy back and transaction costs)	0.6	(5.4)	nm
Net increase in cash and cash equivalents	33.5	77.5	(56.8)

Financial Results

Net Debt

\$m	1HFY17	FY16	Inc/(dec) %
Total borrowings¹	834.4	810.8	2.9
Cash	(153.3)	(94.8)	61.7
SWM total net debt	681.2	716.0	(4.9)
SWM LTM EBITDA	305.0	363.5	(16.1)
SWM Total Leverage Ratio	2.2x	2.0x	
SWM Interest Cover Ratio	9.9x	10.8x	

Note/s: 1. Total borrowings of \$834.4m are net of unamortised refinancing costs of \$5.2m (June 2016: \$4.2m).

Financial Results

Seven

\$m	1HFY17	1HFY16	Inc/(dec) %
Revenue			
Broadcast & digital advertising, affiliate fees and other revenue ¹	648.7	619.9	4.6
Program sales and 3 rd party commissions	50.2	43.0	16.7
	698.9	662.9	5.4
Costs			
Revenue variable costs ²	(32.9)	(39.0)	(15.5)
Depreciation & amortisation	(10.2)	(12.2)	(16.2)
Other costs	(512.8)	(426.3)	20.3
	(555.9)	(477.5)	16.4
EBIT	143.0	185.4	(22.9)

Note/s: 1. Advertising revenue includes advertorial revenue. 2. Revenue variable costs include licence fees, contra and advertorial costs which are directly variable to revenue streams.

Financial Results

The West¹

\$m	1HFY17	1HFY16	Inc/(dec) %
Revenue			
Advertising	65.7	78.0	(15.8)
Print & digital circulation	27.3	28.6	(4.6)
Other	15.5	14.8	4.7
	108.5	121.4	(10.7)
Costs			
Depreciation & amortisation	(10.5)	(10.7)	(1.9)
Other costs	(83.1)	(86.7)	(4.2)
	(93.6)	(97.4)	(3.9)
EBIT	14.9	24.0	(38.0)
Pro forma results²			
Revenue	126.7	121.4	4.4
Costs (incl. depreciation & amortisation)	(105.1)	(97.4)	7.9
EBIT	21.6	24.0	(10.0)

Note/s: 1. The Sunday Times and PerthNow acquisition was completed on 16 November 2016. 2. Pro forma based on The Sunday Times and PerthNow acquisition completed 26 June 2016.

Financial Results

Pacific

\$m	1HFY17	1HFY16	Inc/(dec) %
Revenue			
Circulation	57.8	67.1	(13.8)
Advertising	25.4	32.8	(22.5)
Digital (and other)	8.7	6.1	42.6
	91.9	106.0	(13.3)
Costs			
Depreciation & amortisation	(1.3)	(0.7)	85.7
Other costs	(89.3)	(98.0)	(8.9)
	(90.6)	(98.7)	(8.2)
EBIT	1.3	7.3	(82.8)
Pro forma results¹			
Revenue	85.3	91.2	(6.5)
Costs (incl. depreciation & amortisation)	(80.2)	(85.8)	(6.5)
EBIT	5.1	5.4	(7.2)

Note/s: 1. Pro forma based on continuing operations – post restructure, assuming titles were closed in both periods and restructuring completed on 26 June 2016.

Financial Results

Other Business & New Ventures

\$m	1HFY17	1HFY16	Inc/(dec) %
Revenue			
Other revenue (incl. radio)	7.4	8.5	(11.7)
Yahoo7 share of net profit (incl. significant items)	3.4	5.7	(40.4)
	10.8	14.2	(23.3)
Costs			
Depreciation & amortisation	(0.3)	(0.3)	0.0
Other costs	(5.4)	(5.6)	(4.4)
	(5.7)	(5.9)	(3.3)
EBIT (excl. early stage investments)	5.1	8.3	(37.8)
Early stage investments share of net losses	(8.0)	(11.7)	(30.8)
EBIT	(2.9)	(3.4)	(14.3)

Operating Performance

1HFY17 Results Presentation



#1 TOTAL BROADCAST AUDIENCE **#1** SOCIAL **#1** FTA NEWS APP

7 NEWS #1 FOR NEWS



Operating Performance

Seven

- #1 for our 21st consecutive ratings half year
- #1 network in ratings and revenue share (40.8%)
- #1 in all key demographics with best performance since 2011
- 10 of the top 20 regular programs on Seven in 2016
- Seven leads in drama – Top 3 (Wanted, 800 Words, and The Secret Daughter)
- Cost per hour of local programming down 22% YoY
- Underlying cost performance down 3.4% (excl. one off events and 3rd party commissions)
- Seeking further license fee reduction in 2017 May Federal Budget
- Core sporting rights locked in to at least 2019
- Portfolio of huge live events secured out to Tokyo 2020 Olympics with an option to extend

Source/s: FreeTV, OzTAM.

2016 RATINGS SCORECARD:

#1	SHOW ON TELEVISION	>	
#1	DRAMA EVENT	>	
#1	DRAMA	>	
#1	NEWS	>	
#1	QUIZ SHOW	>	
#1	SPORTS EVENT	>	
#1	AT BREAKFAST	>	
#1	ON MORNINGS	>	





SEPT 2017

OCT 2017

NOV 2017

JAN 2018

FEB 2018

APR 2018



- Halo effect from premium sports rights strengthens leadership position and provides long-term certainty in audience
- Secures long-term advertiser commitments in revenue
- Sports rights will be critical for the launch of future products in the market



Operating Performance

Sports Rights

Olympics on 7

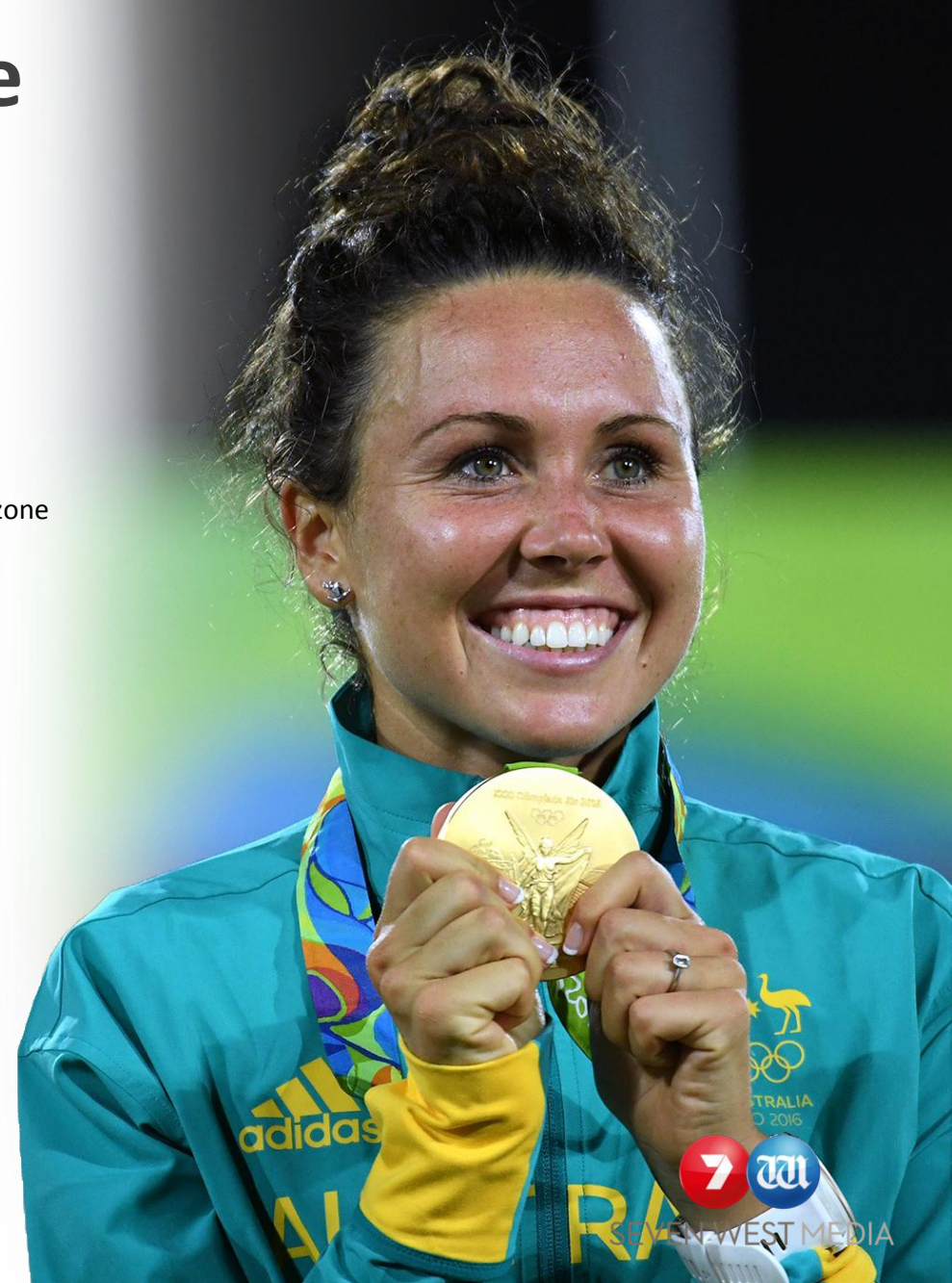
- 18.6m Australians reached with Seven's coverage of Rio 2016
- 38m streams and 74m domestic social video views
- 2.9m unique online audience and 250k premium subscribers
- Revenue shares locked in to 2020 with major advertisers
- PyeongChang 2018 and Tokyo 2020 Olympics both in an Australian time zone

AFL

- More AFL content in 2017
- Ad inventory integration and more prime time games will drive greater monetisation across all platforms
- 2016 Grand Final delivered highest audience in a decade
- Strong advertiser demand for Women's AFL

Tennis

- 2017 Australian Open tennis delivered a strong performance for Seven's launch into our 2017 schedule:
 - Highest rating men's final in a decade peaking at 4.4m viewers
 - 7Tennis streaming up 44% YoY and up 188% YoY for the men's final



Operating Performance

Seven Productions

- Program sales and 3rd party commissions revenue up 17%
- 7Productions, 7Wonder and 7Beyond now producing over 850 hours of scripted, factual, kids and reality programming per annum¹
- Acquired UK-based scripted drama producer Slim Productions
- Launched New Zealand production company
- 15 commissions secured 1HFY17 incl. A Place to Call Home, My Lottery Dream House, MKR
- MKR's global footprint continues to grow
 - UK: 2nd season commissioned by CH4
 - NZ: 3rd and 4th seasons commissioned by TVNZ
 - US: Celebrity version debuting on Fox
- Platform7 launched focused on short-form video content



Note/s: 1. Does not include news or sports productions which contribute hundreds of hours of additional content.

Operating Performance

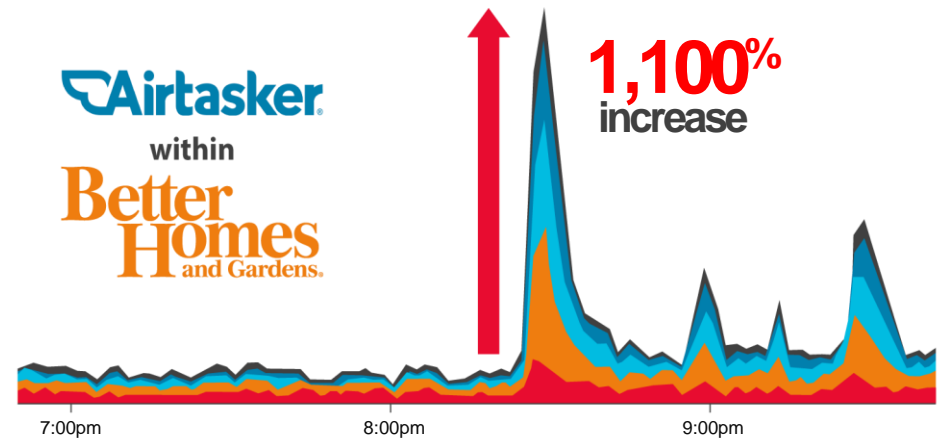
Seven Digital & Yahoo7

- SWM (incl. Yahoo7) #1 Australian digital content publisher with average monthly unique audience of 11.3m in 1HFY17¹
- Scale in total video and first-party audience data fundamental to growth strategy
- 100% SWM-owned digital revenue up 200% in 1HFY17
- #1 AVOD catch-up app PLUS7 and #1 live streaming network delivering strong audience and revenue growth
- Yahoo7 native and video now represents greater than 50% of revenue, however transition of premium display to programmatic impacting yields
- First-party audience data set increased +1.3m profiles vs. pcp to 5.7m total
- Freeview Plus / Hybrid TV now available in almost 2m Australian TVs within 26 months since launch
- Growing portfolio of digital investments benefiting strongly from the power of SWM assets to rapidly scale (see right)²
- OzTAM VPM now measuring catch-up TV VPM + live streaming, accounting for 1-2% of all total video consumption

Streaming Growth Across SWM Digital Assets³



Airtasker – Seven Integration Traffic Benefits²

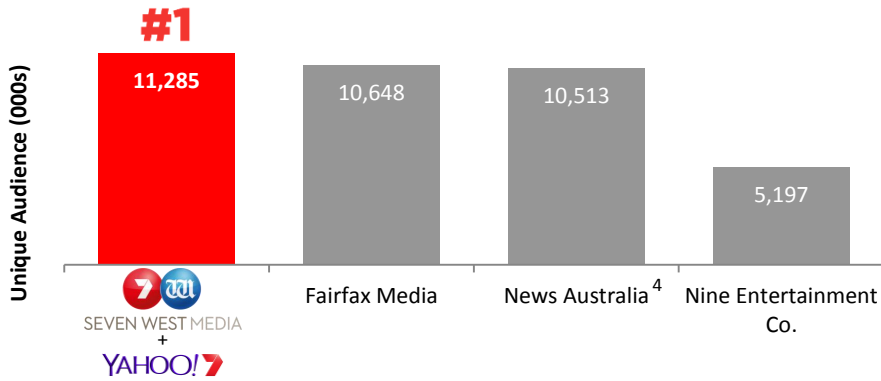


Source/s: 1. Nielsen Digital Ratings Monthly (see next slide). 2. Google Analytics, Company data. Measured by Pages per Minute. Importantly, the 'spikes' in visits was driven by highly desirable new users as more traffic was to 'first-timer' pages (e.g. "How It Works"). 3. Seven internal analytics and OzTAM Video Player Measurement (VPM) November 2015 to January 2017. Plus7 and 7Live comparatives for the December 2016 versus the prior half, 7Tennis and 7 Horse Racing comparison versus previous event.

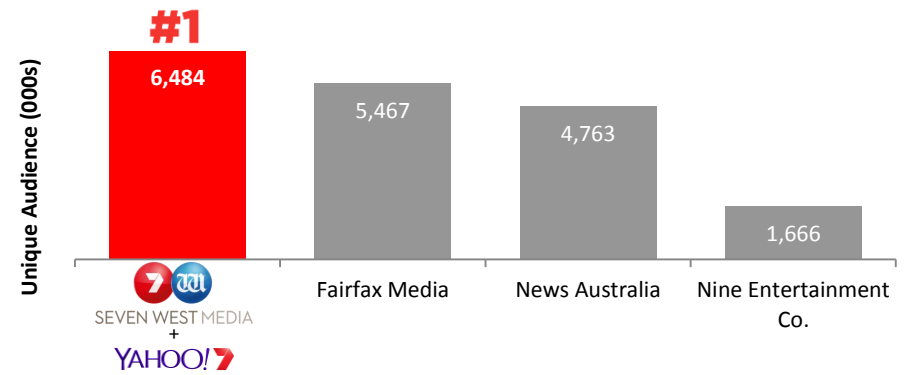
Operating Performance

Seven Digital (incl. Yahoo7) Audience

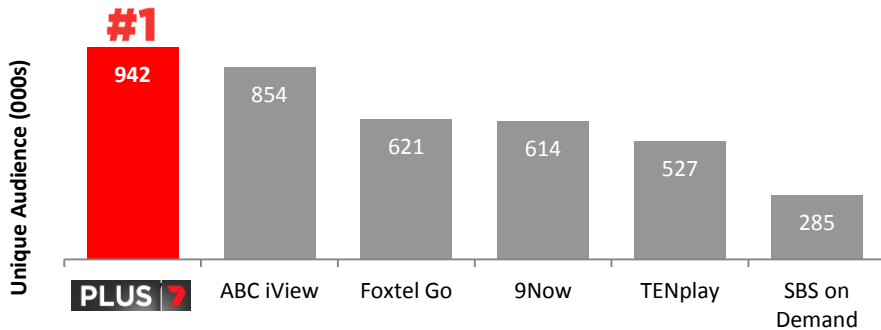
Total Audience¹



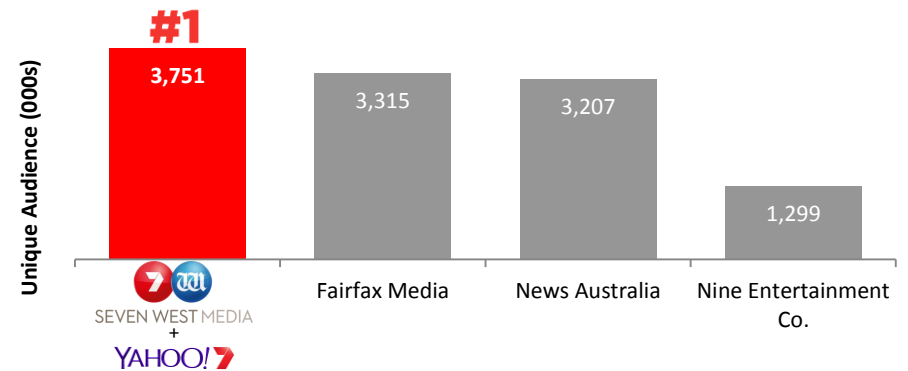
Smartphone²



Catch-up TV App¹



Millennial Audience³



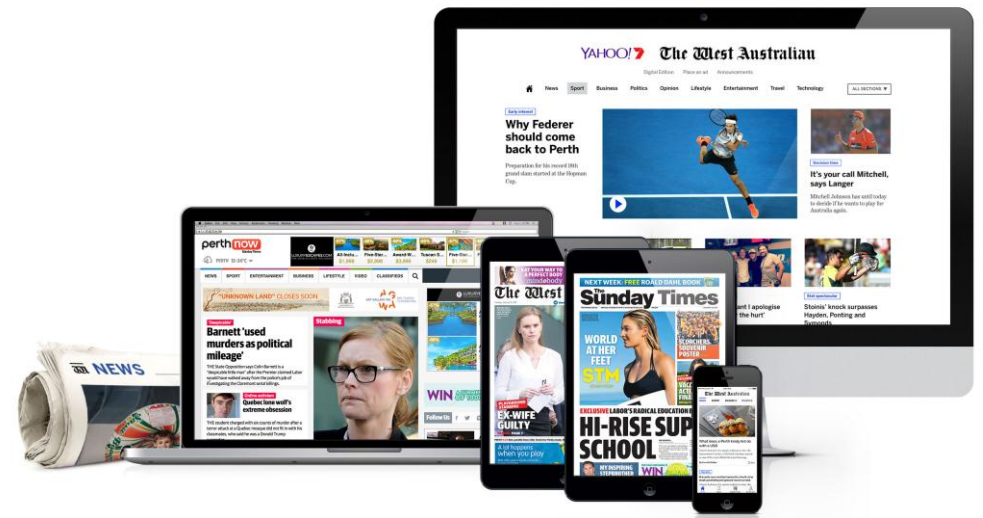
Source/s: 1. Nielsen Digital Ratings Monthly, average monthly unique audience from July 2016 to December 2016. 2. Nielsen Digital Ratings Monthly, average monthly unique audience on smartphone from July 2016 to December 2016. 3. Nielsen Digital Ratings Monthly, average monthly unique audience (P18-34) from July 2016 to December 2016. 4. News Australia including its investments in realestate.com.au and Foxtel has a combined unique audience of 11,627,000 people (Nielsen Digital Ratings Monthly, December 2016). The above competitive set is not represented as an official category ranking by Nielsen. Advertising networks custom rollups are not represented here.



Operating Performance

The West

- Local WA content 7 days a week across print, TV and digital
- The West Australian the best performing metro newspaper in Australia
 - Readership up 3.7% and digital editions up 80%
- Ongoing cost management with costs down 6.5% (excl. The Sunday Times and PerthNow)
- Acquisition of The Sunday Times and PerthNow completed in November 2016
 - First phase of integration complete
- Digital strategy gains momentum:
 - New digital products for The West Australian launched December 2016
 - Digital audience up 163% to 1.1m per month¹
 - Digital revenues up 107% YoY, well ahead of market
 - Focus on short-form video gaining traction

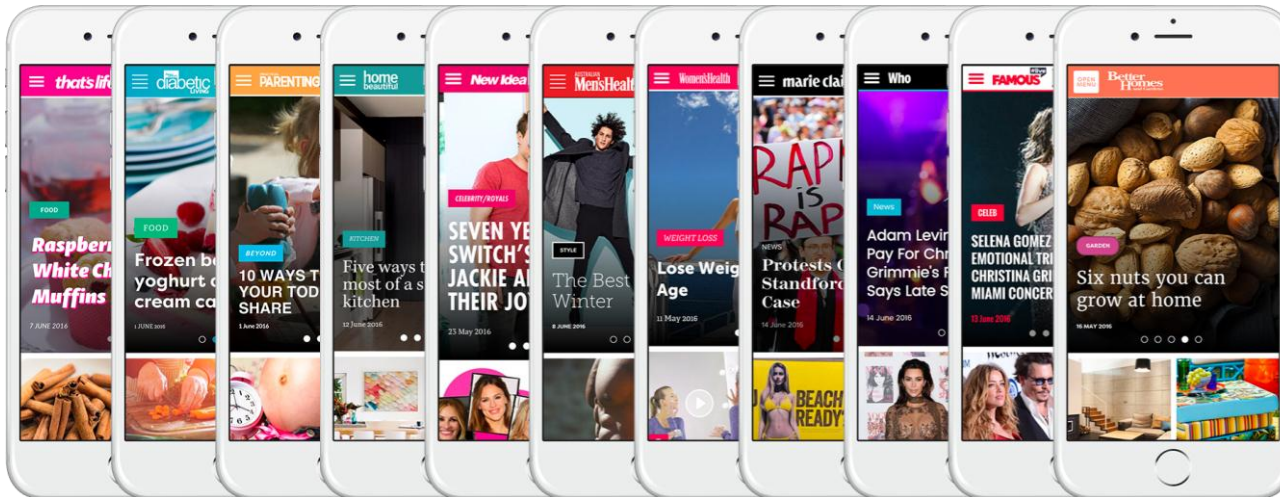


Note 1: Nielsen.

Operating Performance

Pacific

- Strategic portfolio rationalisation undertaken with mastheads closed, refocused or divested
 - Cost base to decline by approximately 20% in 2HFY17
 - Key licenses renegotiated on more favourable terms
 - 20% headcount reduction
- Monthly unique audience for Pacific-owned digital sites launched in June 2016 now 1.7m with accelerating growth¹
- Pacific's portfolio represents 12% of total market titles vs. 27% representation of total magazine market readership
- Fastest growing digital publisher, #1 mobile and #1 social publisher
- Digital revenue up 102% YoY with momentum increasing
- Revenue diversification continues with eCommerce capacity expanding
 - BHG shop and Styled by marie claire growing in both audience and digital revenue
- New digital products establishing leadership positions with Beauty Crew now Australia's #1 digital beauty destination²



Note 1: Nielsen Unique Audience to December 2016. 2. Nielsen average daily UB July-December 2016



Strategy

Outlook

- Accelerating pace of transformation from a traditional media company to a platform agnostic content & audience business
- Unique multiplatform sales proposition to be launched in 3QFY17 to capitalise on changing industry structure
- Build on TV effectiveness campaign with advertisers, focusing on measurability, transparency and ROI driven by ThinkTV
- Drive enhanced monetisation of our digital audiences, capturing a greater share of growing digital video market
- Grow multiplatform content production presence in Asia, Europe, and US, and build on successes in Australia
- Maintain cost focus, driving greater operating efficiencies across the business
- Leverage the power and reach of our assets to build and invest in new disruptive models
- Evaluating options around Yahoo7 / Verizon transaction, delayed to 2QCY17





Q&A

1HFY17 Results Presentation



THE SECRET DAUGHTER



Presentation on 15 February 2017 | Results for the Half Year ended 24 December 2016



SEVEN WEST MEDIA



Appendix

1H FY17 Results Presentation



SEVEN WEST MEDIA

Appendix

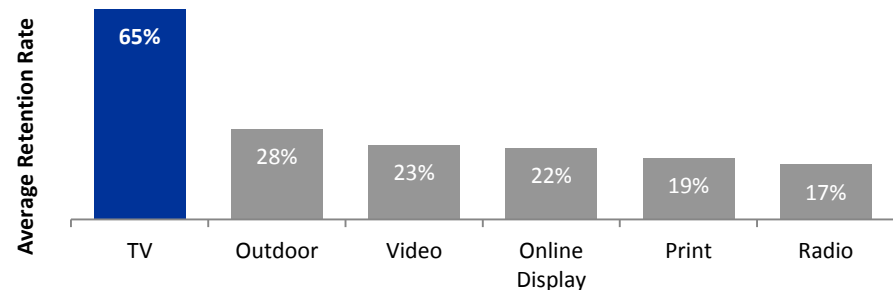
“It’s Prime Time to Rethink TV”

- TV’s reach and mass appeal remains unrivalled¹
 - Broadcast TV reaches over 20m Australians every week²
 - TV’s top 50 programs of 2016 all delivered audiences in excess of 1.7m viewers³
 - 90% of broadcast TV is watched in the live environment²
 - 62% of Australians rate TV as their #1 entertainment activity⁴
- TV remains the dominant media channel in driving sales and is the only media channel likely to payback
 - TV drives 2x greater ROI than online video, print and radio⁵
 - TV retains ~65% of its impact from the previous week with stronger recall than other media⁵
- Multiplatform TV also has a significant halo effect on other forms of advertising, and has a measurable, long-term impact on driving incremental sales and building brands⁶
- Importantly, technology is making TV (even) better

TV Makes More Money for Brands⁵



TV Impact Lasts Longer⁵



Note/s: 1. Sourced from ThinkTV. 2. Australian Multiscreen Report Q3 2016. 3. OzTAM & RegionalTAM, program audience averages have been combined to form a national estimate and ranking, based on week’s 1-49 2016, fact 9 sourced ACMA Communications Report 2015-2016. 4. Deloitte’s Media Consumer Survey 2016. 5. Ebiquity “Payback” Study Wave 1 (FMCG, OTC and Beverages) November 2016. 6. Accenture “Cross-channel advertising attribution: New insights into Multiplatform TV” (2016). Research found that 18% of the ROI typically attributed to search, display and short-form video is actually derived from multiplatform TV, and has a 1.3x effect on incremental sales in years 2-3 vs. year 1. 22% of key brand health and awareness metrics are driven by multiplatform TV advertising.

Appendix

Group Revenue

\$m	1HFY17	1HFY16	Inc/(dec) %
Revenue¹			
Seven	698.9	662.9	5.4
The West	108.5	121.4	(10.7)
Pacific	91.9	106.0	(13.3)
Other Business & New Ventures ²	5.8	2.5	138.2
Corporate	-	0.1	-
	905.1	892.9	1.4
Revenue (as a % of Group)			
Seven	77%	74%	
The West	12%	14%	
Pacific	10%	12%	
Other Business & New Ventures	1%	0%	
Corporate	-	0%	

Note/s: 1. Totals may differ from earlier slides due to rounding. 2. Includes share of loss of equity accounted investments (\$0.9m).

Appendix

Group Costs & EBIT

\$m	1HFY17	1HFY16	Inc/(dec) %
Costs¹			
Seven	(555.9)	(477.5)	16.4
The West	(93.6)	(97.4)	(3.9)
Pacific	(90.6)	(98.7)	(8.2)
Other Business & New Ventures	(8.8)	(5.9)	47.6
Corporate	(7.7)	(8.0)	(4.0)
	(756.6)	(687.5)	10.1
EBIT			
Seven	143.0	185.4	(22.9)
The West	14.9	24.0	(38.0)
Pacific	1.3	7.3	(82.8)
Other Business & New Ventures	(2.9)	(3.4)	(14.3)
Corporate	(7.7)	(7.9)	(2.4)
	148.5	205.4	(27.7)

Note/s: 1. Costs include depreciation & amortisation and excl. significant items.