

2 November 2017

Company Announcements Office  
ASX Limited  
Level 6  
20 Bridge Street  
Sydney NSW 2000

***By electronic lodgment***

Total Pages: 7 (including cover letter)

Dear Sir/Madam

**Annual General Meeting Addresses**

Attached is a copy of the Chairman's Address and Managing Director & Chief Executive Officer's Address to be made at the Annual General Meeting commencing at 10:30am today.

Yours faithfully



**Warren Coatsworth**  
Company Secretary

**Seven West Media**

**2017 Annual General Meeting**

**2 November 2017**

**Chairman's Address**

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**Statement on Michelle Deaker**

I wish to inform our shareholders that Dr Michelle Deaker retires from the Board at the end of this Annual General Meeting, having completed a three year term since her last election.

Michelle has informed the Board that her increasing time commitments as Founder, Managing Director and CEO of the fast growing venture capital firm, OneVentures, has necessitated her decision not to seek re-election.

On behalf of the Board, I wish to acknowledge and thank Michelle for her outstanding service and contribution as a Director of the Company since her appointment in 2012.

I know that Michelle has personally spent considerable time with our executives and our business divisions, and, through that work and her commitment to our business, has developed a strong connection with our company and its people.

Michelle has also been a valuable member of our Audit & Risk and Remuneration Committees.

Thank you Michelle.

The Board has continued to review its composition and looks forward to two additional Independent Directors joining our Board. We plan to make those announcements shortly

## **Chairman's Address**

This has been a tough twelve months for media companies. Seven West Media was not alone. It is a challenging and rapidly changing market and all media companies are changing their business models and how they operate. They are changing the way they work and how they deliver their content to audiences.

We need to continue to adapt as these challenges unfold.

This will mean a focus on how we operate efficiently while delivering news and entertainment content that engages with Australians. We are proud of the fact we deliver the largest audiences and free to air remains the best medium to build a brand.

Our financial results over the past twelve months were disappointing. But, we are focused on ensuring we are more efficient, reducing costs and driving growth in shareholder value.

Seven is using its mass audience from its market-leading television platform to drive revenue and new forms of content. Broadcast television will continue to be the cornerstone of our business, but television is changing and we must change to maintain our future profit.

In our financial results for the 2016-2017 financial year, we made material adjustments to reflect the current market conditions adjustments resulting in a loss after tax for the 2016-2017 financial year.

This result reflected our need to recognise that the price we paid a few years ago for major one-off sporting events was greater than the current market value.

Whilst they will deliver significant audience and revenue shares and be a foundation for the second half of the year, it was necessary to write them down to reflect current television industry climate.

We expect to maintain our leadership and to use that leadership to improve the profitability of our core business.

Like other media companies we have a need to structure our business to deliver the same results with lower costs. To do this will require redesigning how we go about our business. Management is focussed on reducing costs and debt.

Tim Worner will shortly provide more details in his presentation on his plans for reducing costs as well as driving the profit outcomes for the business.

This year has also seen the introduction of new media ownership laws. We are pleased with the Government's media reforms that will allow your company to compete in a changing market in Australia.

Beyond confronting the challenge of change and identifying the opportunities to build your company, we have, over the past twelve months, been obliged to take legal action to protect our business from the release of confidential company information and to defend the reputation of our people and company.

As detailed in two separate, successful NSW Supreme Court judgments, your company acted professionally and appropriately in the handling of a matter involving a former employee.

I wish to assure you that our success over the past decade and the transformation of our business is built on a strong culture. It is a culture of inclusion and respect. There are always opportunities to improve culture and accountability and that will be a continuing focus.

While it has been a tough and challenging twelve months, we have made significant progress in defining the company's future direction. The Directors are committed to building shareholder value.

As is our management. And all of our people.

And on that, I wish to acknowledge the commitment of our people in Perth and indeed across our company in the success of this year's Telethon which raised \$36.4 million. Over the past 50 years, Telethon – a Seven initiative – has raised more than \$250 million.

On behalf of the many in our community who will benefit from Telethon, and indeed the Good Friday Appeal in Victoria, and across the many communities we support across Australia every day, I acknowledge the commitment and support of everyone in our company.

**Seven West Media**

**2017 Annual General Meeting**

**2 November 2017**

**CEO and Managing Director Address**

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**CEO and Managing Director Address**

Thank you, Chairman.

And thank you all for being here today. As the Chairman has said we are getting on with the challenge of meeting the pace of change in our marketplace.

We are doing that from a position of leadership and we expect to maintain our number one position in Television audiences into FY18. But that's not our only measurement. In fact, our primary measurement is profit. We are determined to continue to run the most profitable television network in Australia as we have done for 12 years.

Content, Audience and Connection are the building blocks of our network's strategy. That is powerful stories, mass audiences and platforms that allow our advertisers to connect with their customers more effectively than ever before. Looking into 2018, the content is in place and we are confident we will maintain our audience. Our new 100% owned OTT platform, 7Plus will launch this month.

These are just some of the changes we are undertaking in how we work. We are becoming more efficient. Leaner and more agile must be our mantra, re-sizing our company as we compete in an increasingly competitive global marketplace for content and ideas.

Our financial results for 2017 reflect a tough market impacted by both structural and cyclical pressures. In the period we recorded material write downs in the carrying value of our television licenses and some of our content rights, which is a function of changing market conditions.

It became evident that in light of this softer market outlook, some of our sports contracts, predominantly related to major one off events, will not deliver the level of financial return that was anticipated at the time of signing these deals.

Now that's not to say they are not valuable, but in light of market conditions the prices we paid are not sustainable. As an organization, we pay a lot of money for rights, to deliver Australians some of the best sporting action live and free. The value we bring - that free to air television brings - to sporting codes, has simply not been recognised and will need to be in any future sports rights deals.

In the 2017 financial period Seven delivered a 39.2% commercial share of audience and 40.2% metro revenue share with total advertising revenue for the business up 1% on the prior year. Seven maintained its number one position in news, drama, reality, morning and breakfast television, as well as having the #1 summer and winter sports.

Our Olympics revenue performance was hindered by that soft advertising market and some untimely and twice unsuccessful, legal action against one of our biggest sponsors. Nonetheless, nearly 20 million Australians still flocked to see our athletes in action on the field, on the track and in the pool - viewing across every screen.

Seven Studios, our production business, continues to drive value from our assets in Australia and abroad, delivering double digit earnings growth, which we expect to be achieved again in 2018.

Over the last two years we have progressively taken control of our key digital assets across our company. This has required investment and patience. The result of this is now bearing fruit. These owned and operated products delivered 100% revenue growth to approximately \$40 million in the 2017 financial year.

We have guided to strong revenue growth again in 2018, which will be supported by the launch of 7plus. 7plus will accelerate our growth across every screen and our moves in addressable advertising.

In terms of our publishing assets, these have been at the forefront of changing market conditions with structural challenges weighing on print revenues. Despite this, Pacific has made significant moves, transforming the model, resetting the cost base, all while scaling its digital audiences and materially growing new digital revenue streams. In the last 12 months, we have further strengthened our presence in the West Australian market with the acquisition of The Sunday Times and Perth Now. This investment has been pivotal in beginning to drive the next leg of transformation in that business.

Our new strategy has been set. We are focused on the core, driving better results more cost effectively. At the same time our growth initiatives include 1) capturing greater share of the total video market; 2) growing our digital businesses; 3) driving greater returns from our global production business; and 4) using the enormous reach of our audience to drive growth in new businesses.

We have focused on key partnerships and investments beyond our core media businesses. These investments, in companies such as Airtasker, Society One and Health Engine, share a common thread: they have leveraged the power of SWM to grow their business, while also creating shareholder value for SWM. Their success has become a great marketing tool for our sales teams.

## **Outlook**

Operating conditions in the first quarter have been soft given the ad market and ratings performance in the period.

Despite this, we have in place one of the strongest content line ups in 2018 we've had in a while. We showcased our plans for 2018 to our customers last week and the feedback has been very positive.

To counter the impact of softer market conditions, we continue to focus on driving greater efficiencies out of our assets. In the 2017 financial year, excluding the Olympics, group operating costs declined \$20 million.

In the 2018 financial year, we guided to at least \$30 million of further cost savings to offset the step up in AFL rights costs. We will now deliver a further \$25 million of annualized recurring cost savings from headcount reductions, which will commence in the 2018 financial year.

In addition, there will be a further \$50 million of cost savings in 2019 from the roll off of the major sports rights. So, to be clear that is \$105 million of cost savings over the next two years, partially offset by the \$30 million AFL step up in FY18.

In terms of our financial outlook, we expect 2018 underlying EBIT to be in the range of \$220m to \$240m, which is in line with consensus. Looking beyond the 2018 financial year, we expect strong revenue growth from our 100% owned digital platforms.

Our production business earnings will also continue to grow. There is also scope for materially higher revenues from the renegotiation of our affiliate agreement at the end of FY19.

Going forward we know there will be challenges, we've done a lot but more has to be done. However, we are aligned, our strategic goals are set and we believe we have the strongest set of media assets in the country from which to execute.

I thank you for your continuing support of our company, as shareholders and I appreciate speaking to you today.