18 February 2015

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

By electronic lodgment

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Dear Sir / Madam

HALF-YEAR MEDIA RELEASE

Please find attached Media Release for the financial half-year ended 27 December 2014.

Yours faithfully

Warren Coatsworth
Company Secretary

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Seven West Media releases interim financial results for half year ended 27 December 2014

- 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 $250 million.
- Company declares an interim dividend of 6 cents per share (fully franked) and based on current market outlook, the board intends to maintain the dividend at 12 cents per share for the 2015 financial year.
- Seven West Media delivers an underlying net profit of $137.5 million on total revenues of $943.0 million across first six months of the current financial year.
- The company delivers a statutory net loss of $993.6 million following inclusion of significant items relating to predominantly the impairment of goodwill, carrying values of the company's publishing businesses, impairment of equity accounted investments, recognition of onerous television programme contracts and redundancy and restructure costs.
- Company builds expanding presence in new forms of content delivery, including the Presto partnership and successful launch of Hybrid Television, and live sports streaming.
- Tight and disciplined cost management focus maintained - with total costs down 1.3 per cent in the period.

18 February 2015 - Australia's leading multi-platform media business, Seven West Media, today reported the company's interim financial results for the first half of the 2014-2015 financial year.

Profit before significant items, net finance costs and tax (EBIT) is $226.9 million. Profit before significant items, net finance costs, tax, depreciation and amortisation (EBITDA) is $250.7 million. The company delivered slightly ahead of underlying net profit after tax guidance issued at the company's annual general meeting last November.

Statutory Results

After significant items, the company reports a statutory net loss of $993.6 million for the six months to 27 December 2014.

The company reported significant items of $1,148.1 million covering predominantly the impairment of television goodwill, carrying values of the company's publishing businesses, the investment in Yahoo7 and recognition of onerous long-term programming contracts. Significant items also include one-off costs relating to the company's restructuring programme.

Significant items for the half year ended 27 December 2014	
Impairment of Television goodwill	$960.9 million
Impairment of Newspapers and Magazines goodwill	$65.7 million
Impairment of Newspapers and Magazines mastheads and licences	$38.4 million
Impairment of equity accounted investees	$26.5 million
Restructure costs and onerous contracts	$56.6 million
Total significant items before tax	**$1,148.1 million**

Commenting, the Chief Executive Officer of Seven West Media, Tim Worner said: "This period, we have booked an impairment of intangible assets of $1.1 billion, most of which relates to television goodwill recognised as part of the WAN/SMG transaction in 2011. This adjustment reflects the revision of future growth rates given recent subdued advertising conditions, which we must account for. This does not diminish our belief in the future of free-to-air television or our ability to maintain leadership, revenue share and cost control in the business."

EBITDA Margin

Seven West Media delivered an overall EBITDA margin of 26.6 per cent reflecting the strong performances of the company's key market-leading media businesses.

Dividend

An interim dividend of 6 cents per share (fully franked) has been declared. Based on the current market outlook, the board intends to maintain the dividend at 12 cents per share for the full 2015 financial year.

Overview

Commenting, Mr Worner, said: “We are delivering leadership in broadcast television, and our digital and publishing businesses continue to deliver market-leading margins and performance in a tough, competitive and challenging market.

“We are making significant advances in the delivery of our content across new digital platforms with Presto and the launch of Hybrid TV and the live streaming of sports to all devices, especially on mobile.

“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.

“Today’s statutory result reflects the tough economic conditions impacting consumer confidence and advertising expenditure over the past six months, and we believe it is prudent that we adopt a more conservative approach to the valuation of our businesses.

“We’re in a strong position to build on our leadership across the coming twelve months. We will continue to invest in our content and our businesses to drive home our leadership and we will continue to be rigorous in our cost management. We will also accelerate our moves to drive greater inter-connections between our media businesses as we build our presence in new forms of digital content delivery.”

Outlook

Management guidance for the 2015 financial year television advertising market is for a slight decline from prior year. The Newspaper advertising market is expected to continue in line with current trends. Magazines advertising market trends should continue to improve. The company has issued guidance for the group’s 2015 financial year underlying profit (excluding significant items) to remain in line with market estimates.

Commenting, Mr Worner said: “Our media businesses are delivering. We are focused on 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 advancing on our plans for the delivery of our content beyond broadcast television and publishing, with our next major step, the recent launch of Hybrid TV, and our moves into new forms of content delivery with Presto. We are well-placed.”

Results

Interim Results	Half Year Ended 27 December 2014	Half Year Ended 28 December 2013
(Loss) profit before tax	($952.7) million	$210.0 million
(Loss) profit after tax	($993.6) million	$150.1 million
(Loss) profit attributable to shareholders	($993.6) million	$150.1 million
Basic EPS	-99.6 cents	15.0 cents
Diluted EPS	-79.6 cents	13.2 cents
Interim Dividend per Ordinary Share	6 cents	6 cents
Additional Information:		
Significant items before tax	($1,148.1) million	Nil
Profit before tax excluding significant items	$195.4 million	$210.0 million
Profit after tax excluding significant items net of tax	$137.5 million	$150.1 million

Seven West Media reports a profit after income tax, excluding significant items net of tax, of $137.5 million on total revenues of $943.0 million.

The company is reporting a statutory net loss of $993.6 million following the inclusion of significant items relating to impairment of goodwill, the carrying values of the company's publishing businesses, impairment of equity accounted investments and television programming agreements, redundancy and restructure costs.

EBITDA of $250.7 million is down from $275.4 million in the prior corresponding period with EBIT of $226.9 million down from $250.3 million in the prior corresponding period.

Interim Results	Half Year Ended 27 December 2014	Half Year Ended 28 December 2013
Total Revenue*	$943.0 million	$975.8 million
EBITDA	$250.7 million	$275.4 million
EBIT	$226.9 million	$250.3 million
Underlying NPAT	$137.5 million	$150.1 million
Reconciliation to statutory results:		
Profit before significant items, net finance costs and tax	$226.9 million	$250.3 million
Net finance costs	($31.5) million	($40.3) million
Profit before tax excluding significant items	$195.4 million	$210.0 million
Significant Items	($1,148.1) million	Nil
(Loss) profit before income tax	($952.7) million	$210.0 million

**Revenue includes share of equity-accounted investees and other income*

Balance Sheet

Seven West Media has been consistent with its strategy to reduce net debt which now stands at $1.0 billion in December 2014 ($1.2 billion at 28 June 2014). At 27 December 2014, the group's debt leverage ratio was 2.3x.

Operating Margins

Seven West Media delivered an overall EBITDA margin of 26.6 per cent. The company's key businesses continue to maintain strong margins with television delivering an EBITDA margin of 28.4 per cent, newspapers EBITDA margin of 31.3 per cent and magazines EBITDA margin of 12.2 per cent. All EBITDA margin percentages exclude the impact of significant items.

Cost Management

Group operating costs (including depreciation and amortisation) decreased 1.3 per cent in the period to $716.1 million as a result of continued focus on cost reduction initiatives. Newspapers and Magazines delivered cost reductions of 4.0 per cent and 7.6 per cent while Television cost growth was only 0.5 per cent versus the corresponding half year. Management reiterates its financial year cost guidance and expects Group costs growth to be around 1 per cent on prior financial year.

Business Performance

Broadcast Television

Seven delivered EBIT of $181.7 million on revenues of $677.2 million. EBIT margin is 26.8 per cent and EBITDA margin is 28.4 per cent.

Seven continues to lead the market in television advertising revenue share, building share in a tough advertising market. The latest industry figures put Seven's share of the advertising revenue market at 40.4 per cent for July-December in a half year and 40.8 per cent across the 2014 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 2014 television year and is delivering a strong performance across the opening weeks of the 2015 television year.

Seven's cost growth of 0.5 per cent in the first six months reflects the tight cost control while continuing its significant investment in Australian programming.

Newspapers

The West Australian and regional newspapers delivered EBITDA of $39.1 million and EBIT of $28.4 million on revenues of $125.0 million. EBITDA margin is 31.3 per cent. EBIT margin is 22.7 per cent.

The company continues to manage its newspaper business in a challenging environment with costs down 4.0 per cent over the prior corresponding period, helping to offset the 5.9 per cent decline in circulation revenues to $30.3 million and the 12.5 per cent decline in advertising revenue to $88.0 million compared to the prior corresponding period. Excluding depreciation and amortisation costs, cost reduction for the year is 4.6 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 625,000 people per day.

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

Seven West Media's magazine publishing business, Pacific Magazines, has delivered a positive performance in a challenging market – with EBIT of $12.0 million on revenues of $114.1 million. EBITDA margin is 12.2 per cent. EBIT margin is 10.5 per cent. The company delivered a 7.6 per cent decrease in costs to $102.1 million.

The company's share of magazine market advertising revenue is 27.3 per cent.

Circulation revenue of $71.2 million is down 9.4 per cent on the corresponding period. Total advertising revenue of $38.9 million is down 3.0 per cent on the corresponding period.

Pacific Magazines is the only magazine publishing business building advertising revenue share. The company's portfolio of 20 titles delivered an overall circulation share of 34.8 per cent and readership share of 29.6 per cent. Pacific Magazines' portfolio of titles delivers the company a 27.3 per cent share of the consumer magazine advertising market.

Online and Digital Media

Seven West Media is increasingly a mobile focused ‘content and audience’ business.

Accelerating market trends around content consumption and engagement on these smarter and faster mobile devices presents significant growth potential for our Company. Mobile for some is not just the second screen but increasingly ‘the’ screen.

Digital content engagement is at the centre of our value proposition. This engagement will mature over the coming years with a deeper relationship delivered by personalised, context aware and relevant experiences at every “touch-point” through the consumer mobile journey.

Commenting, Mr Worner said: “We are committed to accelerating our digital growth by investing in bringing our content faster to market whether via AVOD, SVOD, TVOD and even live, that will drive shareholder value. Simply put, our content challenges technology, whilst technology inspires our content.”

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.

Demands for online video continues to grow rapidly with more than 62.8 million videos streamed over the past six months, up 28 per cent on the previous first half, and an increase of 36 per cent in Plus7 episodes streamed for the six months to December.

Yahoo7 delivered total revenue of $50.8 million and an EBITDA margin of 34.1 per cent. This is based on 100 per cent of the business. Seven West Media’s share in Yahoo7 is 50 per cent.

In addition, Seven West Media is building for the delivery of the company’s content across an array of new platforms and devices, including the recent launch of Hybrid TV. The group has also been progressing multiple initiatives to commercialise its audiences beyond advertising through data and eCommerce, and using the promotional power of its assets on digital and especially mobile platforms.

The company’s impairment of its investment in Yahoo7 relates to a transfer of value to Seven West Media as part of Yahoo7's new royalty agreement for Seven Network's content. Yahoo Inc is transforming its business as it moves to primarily mobile audience engagement, video content creation and native commercial delivery.

Commenting, Mr Worner said: Yahoo7 is a key partnership for our business as we evolve and develop our presence in the ever changing premium content delivery market. The impairment reflects the migration of the joint venture from what it was, to what we and Yahoo Inc. believe will be, a faster growing digital video-based ecosystem for our content and that of Yahoo, driving even stronger results for our advertising partners from data driven native and social solutions.”

Presto

Presto Entertainment, a new service originating from a proposed Foxtel and Seven West Media joint venture has launched successfully with a strong library of subscription on demand (SVOD) television content provided for Presto subscribers.

The Presto Entertainment service features content from Foxtel and Seven West Media's broad range of locally commissioned and internationally acquired content including drama, comedy, factual and entertainment programming.

Commenting, Mr Worner said: "This new venture sees the leaders in subscription television and our acknowledged strengths in content creation and leadership in broadcast television work together to deliver a new and exciting service to Australians. Our expanding content library underlines Seven's future as a content company delivering its programming to our growing audiences across a range of devices."