Full Year 2015 Results Presentation

Opening slide – Tim Worner

Welcome to the Seven West Media 2015 full year results and thank you for joining us.

I'm Tim Worner,

Up here today for the presentation are:

a. our acting Chief Financial Officer, Warwick Lynch
b. Kurt Burnette – Chief Revenue Officer; and
c. Clive Dickens – Chief Digital Officer

And, joining us in the audience are Chris Wharton – CEO of SWM WA and Peter Zavecz, CEO of Pacific Magazines.

We will be happy to take questions at the end of the presentation.

Let's get started.

Slide 2

Disclaimer – Tim Worner

On page 2 is our disclaimer, which is customary for presentations of financial results.

Slide 3

Agenda - Tim Worner

On slide 3 is the agenda for today. I will run through the performance in the 2015 financial year as well as give you an update on our outlook.

Warwick will then take you through the financial results in more detail before I review the business performance in TV, Digital, Yahoo7, Newspapers and Magazines. We will then discuss how we are tracking on the key areas of our strategy.

Slide 4

FY15 Full Year Overview

Now to the highlights on slide 4 for the 2015 fiscal year.

Seven has recorded another year as number one in television, in fact our 9th consecutive year of ratings leadership. We have introduced new distribution channels for our content now making it available anywhere, anytime and on any device. We continue to invest in and see strong demand for our own productions. We are now producing content for other networks and have expanded our production presence globally.
We are also diversifying with new revenue streams established in live events, e-commerce and new subscription services.

Financial highlights for the year include:

Seven West Media delivering underlying net profit after tax of $209 million, excluding significant items. This was in line with the guidance range of $205-$215 million we outlined at our February results release and subsequent confirmations.

This morning we are announcing we are recognizing a further $973 million dollar impairment of our assets, which predominantly relates to the carrying value of the licenses in the television business.

Cost control remains a focus with the company delivering a 2.4% reduction year on year. However due to softer advertising revenue in television and our publishing businesses, Group EBIT declined 12.7% to $356 million

Seven West Media generated strong operating cash flow of $349 million.

In June this year we completed the early conversion of the convertible preference shares as well as a 2.27 for 3 entitlement offer. Proceeds of the capital raising were used to repay debt. This year net debt reduced by $425 million, which brings our leverage down to 1.8 times. In addition to this capital raising we have reduced our debt facilities and extended the maturity to October 2018.

The Board has declared a final dividend of 4 cents per share in line with what we guided in May this year, bringing the full year dividend to 10c fully franked.

Slide 5

EBITDA Margin Graphs - Tim Worner

On slide 5 we have outlined the trend in net debt, operating costs, group margin and the percentage breakdown of earnings by division. I have covered off a number of these points already, but I would highlight that television now represents 76% of group earnings.

Moving on to slide 6.

Slide 6

Performance and Outlook - Tim Worner

We have delivered another robust revenue share performance in what have continued to be challenging market conditions. The advertising market in the financial year grew 3.1%. The metro television market declined 1.6%, due to the softer first half, which was cycling against Federal Election advertising spend in the prior corresponding period. Despite this we have delivered another market leading 40% share of advertising revenue.

Trends continued in Newspaper advertising, while the advertising revenue trend for Pacific Magazines continued to improve. Yahoo7 pushed on and continues to increase its market share compared to digital publishing peers.

In terms of our outlook for the coming financial year, our advertising market growth expectations for television are low single digit growth. We are seeing early signs of improvement in display advertising in the Newspaper market and we expect a continuation in trend for magazines.

For the coming financial year, we forecast operating cost growth to remain below CPI excluding the impact of third party commissions and events.

We expect underlying Group EBIT for FY16 to be between 5 to 10% lower than this current year.

I will now ask Warwick to take you through the financials in more detail.

Slide 7

Financials – Warwick Lynch

Thanks Tim.

Slide 8

Key Group Results – Warwick Lynch

Turning to slide 8 and the Group Financial Results. As highlighted, Seven West Media reported an underlying net profit after tax in the year of $209 million, before significant items, or a loss of just under $1.9 billion if they are included. On an underlying basis, net profit declined 11.5%. Our underlying basic earnings per share declined 14.4% to 20.1 cents per share excluding significant items. The underlying diluted EPS was 16 CPS, but I would note that the calculation of the Diluted EPS assumes conversion of the weighted average CPS for the full financial year.

Slide 9

Income Statement – Warwick Lynch

Slide 9 shows the income statement for the year.

Total group revenue was 4.7% lower than last year, at $1.77 billion.

Operating costs decreased by 2.4% or $35 million, resulting in EBIT of $356 million. This is down 12.7% on the prior year, although it should be noted this includes the impact of $13 million in losses from our early stage investments compared to $1 million in the prior year.

Finance costs reduced 22% compared to last year. This related to reduced debt levels, lower interest rates and an improvement in our margins following the 2014 refinancing of our debt facilities.

Significant items of $2.1 billion were incurred during the 12 month period following the review of the carrying value of intangible assets at each financial period and the impact of restructuring costs and onerous contracts recognized at our interim result. I will cover this in more detail shortly.

The tax expense of $60 million was impacted by a tax benefit of $26 million associated with restructuring costs and onerous contracts incurred in the first half and the de-recognition of deferred tax liabilities associated with our impairment.

On a normalized basis, the effective rate of tax on underlying profit was 29%.

Slide 10

Significant Items – Warwick Lynch

On slide 10

Significant items totaling $2.1 billion were incurred in the year, this predominantly related to the television division, which represented $1.9 billion. This included $961 million impairment of goodwill, recognized at the first half and $929 million impairment of Television licenses recognized at the end of the financial period.

This accounting adjustment reflects revisions to our future growth forecasts accounting for free-to-air advertising market sentiment, prominence of new market entrants and changes in future cost assumptions based on recent market operating conditions. The Directors have agreed that significant changes in operating market conditions have occurred since the end of the financial period therefore it is considered prudent to recognise this non-cash adjustment to the carrying values of the assets in our business.

$175 million of the total impairment charge related to the carrying value of Newspapers, Magazines mastheads, licences and equity accounted investees. Restructure and onerous contracts of $57 million were recognized at our interim result.

Slide 11

Cash Flow – Warwick Lynch

Cashflow on Slide 11 shows EBITDA conversion to operating cash flow of $349 million for the year, and I would like to highlight a few things.

Working capital shows a cash outflow for the period of $62m which primarily relates to the prepayment of instalments for the Olympics and the continued investment in program production for future broadcast and for 3rd parties.

Tax payments in the financial year were $6.8 million, primarily related to the treatment of content right contracts and is timing in nature.

Net finance payments have reduced due to lower interest rates and margins, combined with lower debt levels.

Net proceeds of $308 million were received from our capital raising completed in June and was used to repay debt. Worth noting the company generated $120m of free cash flow excluding the rights issue, which was also used to reduce debt.

Capex has remained steady from the previous year as we continued the implementation of our strategic initiatives and incurred spend related to the 2.5GHz spectrum migration which was fully Government funded.

We expect capex in FY16 to be at similar levels to FY15.

Slide 12

Net Debt – Warwick Lynch

Turning to net debt on slide 12.

We have continued to use our strong operating cash flow to pay down debt. Combined with our A$311m capital raising, net debt declined 37% to just over $730 million. This improved our leverage ratio to 1.8x times EBITDA at June, down from 2.5 times at the same time last year.

Subsequent to year end, the group completed a 1-year extension for all of its debt facilities, while reducing the total facility available, to $1.1 billion. This reduction in the facility size, combined with further reduction in lending margin, will have a continued positive impact on interest expense into FY16.

Turning to performance levels.

Slide 13

Group Revenue Performance – Warwick Lynch

Over on slide 13 Group revenue was $1.77 billion, driven by softer conditions in our advertising markets. Television delivered a solid result in competitive markets, reflecting our leading ratings and market share performance with a 40% share of the metro television advertising market, based on FreeTV data. In terms of revenue contribution to the Group, the proportion related to Television continues to increase, growing to 72% for the financial year. Revenue from publishing and other businesses contributed just under $500 million for the year.

Following a review of the internal reporting structure of each business unit, the revenue and cost items relating to Colourpress, and Other WA Publishing was reclassified from the Other business segment to Newspapers. Corporate costs have also been separated out.

Comparative results for the year ended 28 June 2014 have been restated to reflect this change.

Slide 14

Group Costs and EBIT – Warwick Lynch

Slide 14 shows the breakdown of costs and EBIT by division. Total costs declined 2.4%, or $35 million year-on-year, reflecting an ongoing focus across the business on managing our cost to reflect market conditions.

Television costs declined 1.0% through savings in programming and procurement, despite an uplift in one of our sporting right contracts in the period. EBIT for television was $296 million, declining 5.1% on the prior period.

Newspaper costs reduced 4.8% or $10 million with EBIT at $51.7 million for the year.

Magazines delivered an 8% cost reduction in the period, or $17 million. This resulted in EBIT remaining relatively flat over the period at $20 million.

This financial period, other EBIT was impacted by $13 million in startup losses from early stage investments.

Slide 15

Television Divisional Performance – Warwick Lynch

Slide 15 covers the performance of the Television division and the disclosure is consistent with previous presentations.

Advertising revenue includes all metro and regional advertising revenues, which declined 3.1% for the full year. This compares to a 2.8% decline reported by KPMG for metro markets with the difference reflecting the performance in regional markets.

Affiliate fees, program sales and other revenue, grew 5.7% year-on-year, with 17% growth in program sales, which marks a 4 year period of double digit growth.

As mentioned previously, Television costs declined 1% year on year. This resulted in EBIT of $296 million, down 5.1% on the prior year. Our EBITDA margin for the period stood at 25%.

Slide 16

Newspapers Divisional Performance – Warwick Lynch

Moving onto Newspapers on slide 16.

As per my comments earlier there has been some minor adjustments between the Newspaper and Other business segment reflecting changes in our segment reporting. These have been restated for the 2014 comparative period.

The West advertising revenue declined 13.3% during the period. Weaker employment, auto and property market conditions impacted classifieds, while softer retail conditions continued to impact local display advertising in the Western Australian market. Digital revenue though, grew 17% in the period.

Circulation revenue declined 7.4% with average daily circulation volumes down 5.4% and weekend volumes down 6.2%. However, we have seen an improving trend in both weekday and weekend circulation volumes with the latest quarter down 4% and 2% respectively. This is the third quarter of improvement.

Total revenue for the business declined 10.4% to $260.9 million, but it is worth highlighting that display advertising trends have improved in recent months for both local and national.

Cost savings yielded $10 million across all areas of the business, delivering a 4.8% reduction to operating costs. EBIT declined to $51.7 million.

Slide 17

Magazines Divisional Performance – Warwick Lynch

On slide 17, we show the financial performance of magazines publishing.

The rate of decline in advertising revenue was in line with our expectations, declining 4.9% in the year, outperforming the market trend of a 12% decline. Digital revenue, including social media and e-commerce is growing strongly, up 240% in the period.

Circulation revenue declined 7.9% in the period with circulation volumes down 9.8% year on year. Despite these declines, Pacific Magazines increased its circulation market share. On a normalized basis excluding new titles added in the readership survey in this period, Pacific Magazines would have increased market share to 33.1%.

Costs are down 8.0% reflecting savings in all operating areas of the business. These cost savings delivered a relatively flat EBIT outcome of $20.3 million.

Slide 18

Yahoo7 Divisional Performance – Warwick Lynch

On slide 18.

Total advertising revenue at Yahoo7 increased 1% driven by significant increases in revenue from video and native display during the period. However this growth was partially offset by softness in traditional display revenue. User engagement continued to grow, with daily active users up almost 11% on last year. Video streams increased 15% with 133 million video streams served over the financial year.

EBIT of $25.5 million declined 22%. However, including royalties generated from Seven produced content on PLUS7, total income recognized by Seven West Media from the Yahoo7 JV was the highest on record.

Moving to slide 19

Slide 19

Other Business and New Ventures – Warwick Lynch

Other Business and New Ventures comprises regional radio in Western Australia, our share of Yahoo7 JV profit, Sky News, WA Community Newspapers and early stage investments (i.e. - Presto, HealthEngine and Nabo).

Please note that WA publishing assets were reclassified from Other Business and New Ventures to Newspapers during the period.

EBIT for the division declined from $18.9 million to $3.3 million predominantly reflecting the $12.7 million share of losses from early stage investments incurred in the period.

I will now hand you back to Tim, who will take you through the operating highlights.

Slide 20

Operating Divisions – Tim Worner

Thanks Warwick

Slide 21

Television – Tim Worner

Beginning with our television business on slide 21.

This is our seventeenth consecutive half of being number one in ratings and revenue, which is a tribute to the dedication and consistency of the team at the Seven Network. This year we delivered a 38.5% ratings share and another 40% revenue share.

This second half we achieved our largest ratings lead over our nearest competitor since 2011 and that is up against a home cricket world cup won by Australia, an event I perhaps do not need to tell you that will not be there next year. Yet despite this, from Jan-June this year, Seven still won all key demos: P25-54, P16-39, P18-49, P16-54 & GB+Ch and unsurprisingly, total people. 7TWO was the number one additional channel and 7MATE was the number one additional channel for 16-39s, 18-49s and 25-54s. We will be taking those leading numbers into next year's ad negotiations.

A large part of this success lies in our programs consistently making up the majority of the top 20 regular programs on television with 10 of the top 20 this year. A clear standout and the number one program is My Kitchen Rules and in 2015 House Rules was the highest rating renovation show.

Our programming and production teams are planning out to the Rio Olympics and importantly beyond that very important launch pad. They are well aware that they are responsible for our biggest areas of cost – the production and acquisition of our content is being reviewed.

We welcome the current review of the broadcast license fees by the Federal Government. We believe the Government understands that local broadcasters are seriously disadvantaged relative to over the top competitors and we are hopeful of an outcome that brings us at least closer to fees paid by broadcasters in other territories.

Slide 22

Television – Tim Worner

Moving on to slide 22.

We are continuing to see strong demand internationally for our programs, demand which has driven double digit growth in this division for the past four years. This year we grew program sales revenue 17%.

In recognition of the quality of our productions we are now being commissioned by both domestic and overseas networks to produce shows. The pipeline for these commissions is growing, underpinned by the success of our overseas ventures 7Wonder and 7Beyond. This year we will produce over 700 hours of scripted, factual, kids and reality programming.

We are investing in this area to grow these businesses, expanding our production and distribution capabilities with several new appointments. We were delighted to announce earlier today a Home and Away special event commissioned by and only available on Presto. This is another great example of extending the value of our brands across new platforms. We have also entered into an agreement with Hulu to offer Home and Away in the US.

Foxtel has commissioned a two series deal for A Place to Call Home. 7Beyond has secured a commission in the US market: a new series for HGTV entitled My Lottery Dream Home. We are also making a major series for The Travel Channel, Boy to Man. In the United Kingdom, 7Wonder has delivered three new commissions: Lenny Henry's Got The Blues for Sky Arts and Billy Connolly's Tracks Across America for ITV and Over My Dead Body' for Channel 4 in the United Kingdom.

In terms of international sales, the local production of Border Security Canada will shortly enter its 4th season, Million Dollar Minute is in production in Vietnam, House Rules is in production in Europe, MKR continues to expand its local production footprint and we are in advanced format discussions in the US.

Slide 23

Digital – Tim Worner

On slide 23 we cover our major digital initiatives.

A core part of our strategy is making our content available, anywhere, any screen and at any time with two key caveats - where it can be measured and incrementally monetized. This all plays into our goal to grow audiences for our content and execute our windowing strategy to maximize the returns and value.

One of those new windows is Presto, which launched in the third quarter of FY15. User growth has been strong and is in line with our expectations. Presto is being rolled out to more devices and there are further content deals in the pipeline including more exclusive domestic productions. You will see a big step up in the marketing of Presto in the coming weeks.

Building on this strategy, we are proud to announce that we are launching 24/7 mobile live streaming of all 37 broadcast channels. We will be adding other mobile first products and platforms to extend our reach especially live, free, out of home and in your hand. We commenced live streaming this morning, Australia's number one morning show, Sunrise. This is the first time that it is Live, Free and on the go for consumers on their way to work and home. That will be a big part of our future, providing convenience for our TV consumers and data and analytics for our advertising customers.

Hybrid Television is another pillar in our distribution strategy, which is continuing to grow in adoption with Samsung having now released an extensive range of FreeviewPlus certified TVs including 4K models.

In addition to these owned distribution channels we are also in advanced discussions with numerous other third party networks to distribute our content, establishing more new windows.

To better monetize viewing trends across all devices we will see the introduction of OzTAM's new streaming measurement system later this year. This will allow us to sell an audience, truly regardless of platform.

Social Media audiences are taking a rapidly increasing role in the promotion, engagement and revenue generation of all SWM Brands. We have recently achieved the incredible milestone of having over 12 million global fans of our brands across all networks making us one of the largest brand owners in Australia. These huge and highly engaged communities are not only an invaluable direct access avenue to promote our content but they have also generated incremental revenue for our digital publishing businesses and we expect this to accelerate across FY16.

Reinforcing our dominant position in racing coverage, Racing Victoria and Seven have formed a partnership to showcase Victorian thoroughbred racing nationally through a new, dedicated free-to-air channel, which will be integrated with a suite of streaming and digital services at Racing.com. The new partnership allows Victorian thoroughbred racing to be viewed in every lounge room and streamed live and free anywhere on any device via Racing.com. Feedback from viewers, and importantly advertisers, has greatly exceeded our expectations.

This year we have undertaken an exploratory phase testing new forms of delivery and monetization of our all-encompassing sports rights. The Australian Tennis Open was a huge success with the live streaming increasing reach by up to 25%, particularly during the day. Our 40 Days of Live & Free Sport initiatives, built on this success growing Tennis audiences with over 400,000 live streams. These successes have all factored in to how we are thinking about the Olympics, which will be the most innovative and comprehensive sports broadcast delivery undertaking in Australia to date.

Slide 24

Olympics coverage – Tim Worner

And slide 24 outlines just how extensive that coverage will be.

It will be accessible across every screen. It will be live streamed through broadcast and online. It will be available on demand so that you won't ever miss out. Lastly we'll have a paid subscription offering, accessing 36 live streams, in both high and standard definition, also available in two foreign languages.

This will be an unprecedented presentation of the Olympics, available everywhere, on Seven. The uptake and interest in this innovative offering has been stronger than we have ever seen for an Olympic Games this far out. And I can say the same for the Commonwealth Games on the Gold Coast in 2018 as well.

Slide 25

AFL Rights

Turning to slide 25, I am pleased to confirm that yesterday we secured a new six year agreement for AFL rights from the 2017 to 2022 season inclusive. The rights fee is A$140m, with an additional A$10m for contra support.
Seven will have all premium time slots and we have more live prime time games including Thursday nights, Friday nights, Saturday nights, and Sunday afternoons leading into prime time programming.

Included are the AFL finals series, AFL Grand final exclusively, Brownlow Medal count exclusively, and all major holiday and holiday eve 'blockbuster' games.

It is worth noting the agreement has an overflow mechanism that provides more than 4 games in every market except Melbourne. The agreement also includes a substitution mechanism that will ensure Seven broadcasts the best game in each market. Finally, we are confident we will provide even greater advertiser presence in all digital simulcasts on all platforms.

Slide 26

Yahoo7 – Tim Worner

To slide 26 and Yahoo7, now engaging a daily average audience of 3.1 million users who access the platform increasingly through mobile with mobile audiences having grown strongly, up 31% year on year.

While there has been softness in display advertising, we are seeing very strong growth in video, native and social revenue models.

Yahoo7 TV, which includes PLUS7, was the leading broadcast media site in terms of streams. We have provided over 130 million video streams this financial year up 15% YoY.

PLUS7 delivered 48 million streams of long-form content over the past year – with over 300 hours available each month, drawing on the best from Seven, 7TWO and 7mate. PLUS7 is now available on over 14 platforms.

Native advertising has emerged as a material revenue stream for the business since rolling out in late 2014, recording 300% growth in the second half versus the first. This leverages the significant investment Yahoo Inc. have made in this technology, delivering a leading solution to the domestic market, which is also being sold to 3rd parties.

Yahoo7 has commenced monetizing Tumblr locally, securing major advertising partners. Tumblr already has 4.6m users locally.

Slide 27

Newspapers – Tim Worner

Moving onto our Newspaper business on slide 27.

The West Australian continues to drive the agenda in WA as the number one news source in print and online reaching approximately 3 out of 4 West Australians every month.

The West completed its integration with Channel 7 Perth by co-locating offices and integrating news rooms during the year. Seven now broadcasts from a virtual-set studio with state-of-the-art facilities. In a fully integrated newsroom, the only one in Australia, we produce a daily newspaper, commercial TV news bulletins, a public affairs show, radio bulletins, websites and other digital products – The West Australian, The Weekend West, thewest.com.au and Seven Perth's News and Today Tonight. The Editorial Production Centre sub edits 17 regional mastheads and produces 650 pages weekly.

This integrated news room will provide thewest.com.au far greater access to video content, which we expect will play a large part in our digital strategy going forward. This new platform is fundamental to enhancing the digital delivery of the West, improving the editorial and publishing process allowing us to publish once and distribute to multiple devices. New growth opportunities in digital and events are key priorities for The West. We expect strong digital revenue growth in the coming year, outperforming the market.

Softer economic conditions as well as structural challenges have continued to impact revenues this year, particularly in classifieds which have remained under pressure. Despite this we are operating one of the best performing newspapers globally in terms of profitability. Given the revenue pressures the business has faced, we have pursued further cost initiatives, cutting operating costs over 5% this year.

The West Australian's circulation continues to outperform its peers in the Eastern States and we have seen a moderation in the circulation declines at the The West Australian in the last three quarters, now mid single digits. Display advertising has also shown signs of improvement in the last three months, which is an encouraging trend.

SWM WA has integrated its sales teams, offering a one-stop advertising option for businesses or organisations wanting to promote their goods and services. Clients are offered an array of media options incorporating metro and regional newspapers, television, digital, radio, Yahoo7 and Pacific Magazines titles. We provide full service to our existing clients and are attracting new clients.

While we are focused on operating efficiencies, we are constantly seeking new ways to evolve this business model and create new revenue opportunities. A new head of digital for WAN has been appointed and we expect to announce further enhancements to our digital platform later this year. We will leverage our dominance in the WA market with a much stronger push into the live events space.

Moving to slide 28

Slide 28

Magazines – Tim Worner

Pacific Magazines has delivered another strong performance versus its peers, growing advertising share to a record high, while also growing share in circulation and readership. In recognition of challenging revenue trends, particularly in circulation, cost reductions were implemented delivering 8% cost savings year on year.

We continue to focus on key categories of audience interests, what we call 'passion points'. We go after leadership within those categories – and we are delivering. However our core strategy is to shift Pacific from a print centric business to an audience business. Total audience for our magazine brands this year has grown 14% with our social media footprint up 71% year on year.

Management is focused on seeking further opportunities to leverage the power of our brands and the reach of SWM's assets to create new revenue opportunities. We are increasingly thinking beyond the printed publication to establish new revenue streams. The 20th year anniversary for Marie Claire was no exception with a digital and social campaign to build awareness, one hour of prime time television and a special 20th anniversary edition of The Parcel, which is one of our new initiatives I'll touch on shortly.

The integration of Pacific Magazines key titles with Seven Network programming continues to secure strong results. Home Beautiful, promoted heavily in House Rules, is out-performing the overall home and lifestyle category. The Australia Story Of Us series, which aired on Seven was transformed into a 4 part book series by Pacific Magazines, selling over 240,000 copies.

Other ventures successfully launched this year include: the Better Homes and Gardens online shop and The Parcel, a subscription beauty box business. Many other initiatives are underway and will be announced later this year. Driving this has been new capabilities in digital and e-commerce with a head of digital also recently appointed to this business.

Slide 30

Strategy & Outlook – Tim Worner

In slide 30 we outline the strategic framework that we introduced at our investor day in May 2013. It has served us exceptionally well. We are undertaking a strategic review to assess just how appropriate the current strategy is for the next two years and beyond. We will update the market accordingly in the coming year.
Some things of course will not change.

We will still be about getting the right content to ensure ongoing leadership in Television whether that is creating and owning it or acquiring it. It's sports rights, like the AFL extension we finalized yesterday. It's live news and public affairs. And it's Australian content creation. They are key to keeping us number one. We will continue to invest in growing our production capabilities globally with plans to establish another new international venture in the coming 12 months.

We will expand the video creation capabilities in our publishing businesses, as well as extend their presence in digital, eCommerce and Social to drive new revenue streams.

Our audience will grow by increasing the availability of our content across any device. Our live streaming announcement today will play a key role in this. We will also extend the availability of our content to third party networks where it can be measured and monetized.

We've discussed today the innovation going into the delivery of the Olympics, executing on this strategy will be the primary focus for Kurt Burnette and his team. We are also working on other areas where we can improve the return we generate from our live sports rights.

Data technology and our new sales platforms will play a pivotal role in the coming year, establishing programmatic trading platforms to maximize yield and simplifying transactions with our advertising partners.

Our RED Live events business secured the production rights for The Royal Edinburgh Military Tattoo for 2016, which has set a new record for the most shows of any act to ever play at Etihad Stadium. This translates to attractive commercial returns and we're still selling. It's a great example of using the promotional power of our media assets to build a business.

We are examining other major events and we continue to look for new opportunities and investments where we can use the power of our assets in order to build bigger brands.

While pursuing these growth initiatives we will continue to focus on driving greater efficiencies across our processes, technology and people. We have been committed to the change in our culture and this has been underway for a number of years, transforming our business to take advantage of the evolving media landscape. We view disruption and innovation as great enablers.

Distribution and content consumption habits are evolving fast, but great stories really well told will always be the life blood of our business. There is a significant transition underway across our business, some of the moves we are making will take time, but we believe they will better position us for what will be a very exciting future.

Slide 31

Questions – Tim Worner

That's it. Now we open up for questions.