

12 November 2015

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

***By electronic lodgment***

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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**

**Annual General Meeting**

**12 November 2015**

**Chairman's Address**

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Our company today is a vastly different company than it was a year ago.

The Board has endorsed Tim Worner's strategy as we continue to drive home our leadership across broadcast television and publishing.

Our core objectives are to continue to be the number one television network and to drive improvements across our schedule and in particular in news and Australian content. Our newspaper – the West Australian – is focused on maintaining circulation and holding revenue. It has continued to improve its position against its peers and delivers exceptional profits to turnover. Magazines have also out-performed their peers and we have been encouraged with their transition into digital and social media.

How we operate our business and how we deliver our content is changing quickly. Only a few years ago, Seven was one channel. Today it's an expanding digital platform across three entertainment channels and two fixed channels including Racing.com.au. All of these are now streaming live beyond television and across any connected device. We are connecting our audiences with our content anywhere, anytime.

This is all part of the strategy that the Board has endorsed for our future growth.

What will define our leadership in the future will be our ability to capture our share of this expanding landscape through our creation of content relevant to our business as well as having that content available on multiple distribution platforms. How we deliver that content to our audiences across broadcast television and publishing and digital delivery platforms and most importantly, mobile devices can be seen today.

We are expanding our content creation capabilities including joint venture production capabilities in England and the United States as well as continuing to grow and expand our local productions.

We have secured long-term agreements with the International Olympic Committee and the Australian Football League. These agreements will play a vital and integral role in the development of our media businesses over the coming decade.

Earlier this year, the company also entered into an agreement with Seven Group Holdings Limited that delivers Seven West Media greater financial flexibility, a more simplified capital structure and allows us to reduce debt. The agreement – approved by our shareholders - allowed for the early conversion of all the Convertible Preference Shares held by Seven Group Holdings into Seven West Media ordinary shares. We also announced a conditional, accelerated, non-renounceable entitlement offer to all eligible shareholders of new Seven West Media ordinary shares. The successful completion of these transactions has delivered a simplified capital structure coupled with reduced gearing. We have a stronger balance sheet to drive the future development of our businesses.

Our share price clearly does not reflect the underlying strengths of our businesses and our plans for development. Your board is committed to enhancing shareholder value. It is a primary focus for your company over the coming twelve months.

As we foreshadowed at last year's annual general meeting, we implemented a long-term plan on our board structure and composition following the retirement of Graeme John, Doug Flynn and Don Voelte.

This year we announced the appointment of Tim Worner to the Board, as Managing Director and Chief Executive Officer, along with Sheila McGregor, Jeffrey Kennett and Michael Malone.

I am delighted to welcome our new board directors.

It has been a demanding yet positive past twelve months for the future of your company. On behalf of your board I thank you, our shareholders, for your continuing support. I also wish to acknowledge our people who commit themselves to the company.

Much has been undertaken by Tim Worner and his team over the past twelve months in changing how we do business: putting in place the people, the content and the structures for the future of our business in a dynamic and changing market. It is a market not without its challenges but it is also a market that provides significant opportunities for the future of your company.

**Seven West Media**

**Annual General Meeting**

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**Managing Director and CEO Presentation Notes**

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Thank you, Chairman,

I appreciate the opportunity to speak with you all regarding the progress of your company over the past 12 months and the plans we have for the next 12 months and beyond.

We do indeed operate in a rapidly changing environment, particularly in the media sector, which is facing ongoing challenges from new forms of media consumption.

However, with change comes opportunity. Your company is at the forefront of this change, facing and embracing disruption. We are adapting. We are evolving. We are building new businesses that will strengthen the position of our company.

At our recent presentations to our advertisers and partners on our plans for 2016 and beyond, I related a story of my daily trip to and from work on the ferry.

Sydney has a brilliant harbour. It is a fantastic commute, an amazing view. But in the past couple of years, basically no-one is looking at that view. They're looking at their phone, their tablet or their laptop. It underlines just how dramatically our audiences have changed the way they engage with our content and how that will continue to change.

Our objective in this changing world is simple: wherever our viewers go, we'll be waiting for them.

Some people want you to believe no-one is watching television anymore. This is simply not the case.

This week millions of Australians have already engaged with Seven on broadcast television.

But it does not stop there. We have extended the windowing of our content into video on demand and just last week we have gone one step further with the launch of a new service. All of our channels streamed live wherever you are.

That sort of reach and engagement at such an enormous scale across all of these platforms is something that only companies such as ours can deliver. That will become more valuable in a fragmenting market.

We deliver a market-leading presence in broadcast television, magazine and newspaper publishing and online. We deliver huge audiences, but at our core is our content.

We are now creating more content than at any time in our history – that is both domestically and in international content production with the formation of two new production companies: 7Wonder and 7Beyond.

These two new businesses confirm our strategy: to originate and therefore own and control a growing library of content we can distribute anywhere. Already they have both secured major commissions.

This year Seven Productions will create and produce nearly 700 hours of television and is recognised as a leader in the production of scripted, entertainment, reality, observational documentaries and children's programming – with major projects in each genre including My Kitchen Rules, Border Security, House Rules, Home and Away, and A Place to Call Home.

In a breakthrough agreement, Seven Productions is producing A Place To Call Home for Foxtel. Seven will produce two series of one of Australia's most-watched drama series for Foxtel's SoHo drama channel.

Home and Away is now seen in more than 70 international markets including Channel 5 in the United Kingdom and across the United States on the Hulu subscription video on demand platform.

My Kitchen Rules has been produced in the UK. We are also advanced on discussions for the production of My Kitchen Rules in the United States and the Australian episodes of that show have also been sold into more than 150 territories.

In addition to the expansion of our content creation, we are getting better at delivering and monetising this content. We now interact with our audiences anytime, anywhere and on any device with two key caveats - where it can be measured and incrementally monetized.

This all plays into our goal to grow audiences for our content. But more than that is the ability to measure that growth more honestly than a lot of online measurements being used in the market right now.

To this end, we will see the introduction of OzTAM's new streaming measurement system later this year. This allows us to sell an audience, truly regardless of platform.

This new measurement system is well in advance of other countries. Only recently several major media companies in international markets have bemoaned the lack of measurable data on viewing beyond television. Australia will be one of the first countries to deliver industry data that will give us a perfect insight into how our audiences are engaging with our content.

We put our clients first and we continue to innovate in developing new marketing solutions for them. By making our content increasingly available through multiple platforms, we can deliver more targeted solutions.

Our leading catch-up viewing service, Plus 7, allows us to deliver exactly that, and its growth has been maintained with unprecedented amounts of viewing in the past month.

As I mentioned, last week, we launched 7 Live, the live-streaming of our broadcast channels to any device.

We started 7 Live on the day the nation stops.

In addition to the broadcast coverage averaging more than 2.9 million viewers, over 400,000 viewers accessed our new live streaming service on Melbourne Cup Day.

This was an Australian record for the most concurrent live streams ever consumed.

There is only one way such a sudden change in behaviour could be achieved. Through the reach and therefore the power of free-to-air television.

These extraordinary numbers confirm our strategy of delivering our content to all Australians on any device, at any time.

It also reinforced the opportunities for us to expand our audiences. Everyone now carries a live television set in their hands: their mobile. We have taken television and made it also now an out-of-home experience.

Beyond our live-streaming, our subscription video on demand partnership with Foxtel on Presto 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.

Presto offers us another tremendous opportunity to build our business. Subscriber numbers continue to grow. This week, Presto confirmed that it is now available to Foxtel Platinum customers at no additional charge. This widens Presto's availability even further as it continues its march across platforms, and comes on the heels of last month's arrival of Presto on the newly launched Telstra TV.

Beyond our leadership in creating our own content, the past twelve months has also seen us secure two key franchises that will play a key role in our future: our long-term partnerships with the International Olympic Committee and the Australian Football League.

Both represent significant investments in programming that will define us across broadcast television and all forms of content delivery over the coming decade.

Next August, we will deliver to all Australians every single moment of the Olympic Games across our broadcast television platform, online and mobile.

Strengthening our significant partnerships in horse racing, we are also evolving our presence in that sport with the launch of a new channel on our digital broadcast television platform.

The new joint venture – racing.com – delivers another new platform for our company as we move further into the digital delivery of content and build 1:1 direct engagement with our audiences.

As you can see from these developments, our objective is to maintain leadership - not just in television but everywhere we choose to compete. This year has been no exception.

The 2015 financial year marked 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. In the financial year we delivered a 38.5% ratings share and another 40% revenue share.

Beyond television, our publishing businesses are increasingly becoming audience businesses.

Our magazine titles are out-performing their peers in readership and circulation, we are building share and they form a key element in our eco-system as brands. These brands are an important part of the engine room of the integrated media platform that makes up our company.

One remarkable example is one of our titles: Girlfriend. This is a magazine that has transformed itself, a big achievement when your target audience is under 20. It is now a multi-platform digital content and print brand. It is growing audience dramatically and from a challenging point two years ago now leads in its publishing category. It is profitable. It is a success driven by a great team that recognised the power of its brand and content and created the solutions for the delivery of that content across the digital formats its audiences were seeking.

Our newspapers dominate their local market.

And like our magazines, The West is focused on how it delivers its content to its audiences and builds on its leadership in its market.

A signpost for its future is The West's recent integration with Channel 7 Perth, co-locating offices and integrating news rooms during the year.

This integrated news room provides thewest.com.au far greater access to video content, which we know will play a large part in our digital strategy going forward.

This new platform will allow us to publish once and distribute to multiple devices. New growth opportunities in digital and live events are key priorities for The West.

And another sign-post for our commitment to our local audiences can be found in Queensland. Seven Queensland dominates its local markets and is committed to continuing to be relevant to our audiences, in particular with local news in regional areas.

Less than two weeks ago, we expanded our local regional news presence in Queensland even further with the launch of a daily local news bulletin for Toowoomba. This has been an outstanding success delivering record audiences and advertising revenues ahead of projections.

This one example underlines the importance of delivering local news to our audiences wherever they may live.

Across our entire company, building on these moves across television and publishing, we expect strong digital revenue growth in the coming year, outperforming the market.

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



Pacific Magazines has successfully launched the Better Homes and Gardens online shop and The Parcel, a subscription beauty box business. We have also recently announced the launch of Foodiful our online food platform, as well as Mywedding.com.au. Other initiatives are underway and will be announced over the course of the year.

This year Yahoo7 delivered us the highest return since inception.

A significant area of growth for Yahoo7 has been native advertising, which 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. We continue to see strong demand for this product from third party publishers, which has supported ongoing momentum in this new financial year.

The latest Nielsen Online October rankings for online confirm Yahoo7 is delivering – recording a 10% surge in unique news audience last month.

Each of these developments and the early positive signs we are seeing underline our progress. They confirm a lot of work has been done to put in place the structures for our future.

I would like to update you on the market and our performance.

## **Outlook**

Market conditions in the current financial year to date have been somewhat subdued with TV market growth relatively flat and advertising trends in publishing facing ongoing pressure.

We have maintained our cost discipline with group costs now expected to be lower than the prior corresponding period for both the interim period and the full financial year, excluding third party commissions and events. As per our strategy, we continue to seek to redefine our operating model and pursue cost efficiencies across the group.

You will recall the guidance we provided for the full year was minus 5-10% underlying EBIT. Taking consideration for current market trends, we expect underlying group EBIT to be at the lower end of that guidance.

## **Conclusion**

While we maintain a prudent cost approach in our core operations, we will continue to invest in transforming our business, developing new revenue streams and investing in areas where we can create shareholder value.

Now as I have outlined, transformation takes time. It is critical for us as a business to evolve and improve returns for shareholders.

Our strategy driving this transformation is built around three pillars.

One: Expand our ownership of content.

Two: Maintain our leadership and grow our audiences with leading positions in video, mobile and data.

And, three: Diversify and increase our earnings through strategic acquisitions, through building new businesses beyond television and publishing and by driving greater efficiencies through our existing activities.

We are implementing this strategy now.

The Chairman has already spoken about our share price. I can assure you that I believe your management team is making the right moves to better position this company for the future.