

December 17, 2014

Ten Network Holdings Ltd Annual General Meeting.

Ten Network Holdings Limited (ASX: TEN) ("TEN") is holding its 2014 Annual General Meeting today.

The speech by TEN's Executive Chairman and Chief Executive Officer, Hamish McLennan, is set out below.

A presentation from the Annual General Meeting is being lodged separately with the ASX.

The following comments should be checked against delivery.

Good morning ladies and gentleman.

I am Hamish McLennan and this is the appointed time for the commencement of the 2014 Annual General Meeting of Ten Network Holdings Limited. I now declare the meeting open.

On behalf of my fellow directors, I would like to extend a warm welcome to you all, and to thank you for your attendance here today.

I would also like to acknowledge the traditional owners of the land on which we meet today – the Gadigal people of the Eora nation. I respectfully acknowledge their elders, past and present.

Before I continue, allow me to say that like all Australians, everyone at Ten is shocked and deeply saddened by the tragic event that took place in Sydney earlier this week.

Our prayers and thoughts are with the innocent victims of the siege and their families and friends. Our thoughts are also with the people who survived, and with everyone affected by this week's events – including the Police and other emergency services.

Can I ask that we observe a minute's silence to remember the people we lost.

Thank you.

This is the first shareholder meeting that I have attended as your Chairman and I am happy to be here in that capacity.

You should have all received a copy of the notice of meeting and I will take that as read.

The business for today's meeting includes consideration of the financial reports for the year ended August 31, 2014.

We are also required to consider the re-election of a Director who retires at this meeting but offers himself for re-appointment.

We are also required to consider the election of a Board-Endorsed Director and a Non-Board-endorsed Director.

I will also table the remuneration report for your consideration.

Lachlan Murdoch resigned as Non-Executive Chairman of Ten Network and as a Director of the company on March 26, 2014.

Lachlan remains one of our largest shareholders and, on behalf of the Board, I would like to thank him for his contribution to the company and for his ongoing commitment.

I would also like to thank two Directors who have resigned since the end of our financial year – Gina Rinehart and Paul Mallam – for their contributions and support over the past four years. Gina remains a substantial shareholder and I would like to thank her for her continued support and ongoing active interest.

On behalf of the Board, I would like to thank our shareholders for your support over the past year.

The Board would also like to thank the Ten Network executive team and all of the company's staff for their hard work, passion and commitment.

On a personal note, I would like to thank my fellow Board members for their contributions, commitment and diligence this year.

As you know, on November 6 this year we advised the market that we had appointed Citi to assist in assessing a range of potential strategic options for the company.

On December 3, we advised that Citi had received non-binding, conditional proposals from a number of parties in relation to transactions which, if implemented, could result in a change of control of Ten or a refinancing of its existing debt facilities.

An independent committee of the Board of Ten is considering those proposals in conjunction with Citi. It should be noted that the proposals are confidential, non-binding and conditional in nature, and may or may not result in a transaction which is acceptable to the company. At this stage, there is no further update to our December 3 statement. Ten

will update shareholders again when required to do so under its continuous disclosure obligations.

The past 12 months have been a difficult period for many media companies, including our company.

Business and consumer confidence has been subdued and that has been reflected in most media advertising markets, which have been soft and characterised by short-term booking cycles. While the television advertising market remains “short”, we are expecting it to record marginal growth during 2014-15.

Ten Network Holdings’ financial results for the 12 months to August 31, 2014, reflected the difficult trading conditions in the Australian advertising market, a decline in our share of that market and higher programming costs, including the cost of one-off events such as the **Sochi Winter Olympics** and the **Glasgow Commonwealth Games**.

The financial results were broadly in line with what the market expected, as we had provided guidance about our television revenue and costs performance for 2013-14.

Television revenue declined 4.2% during the financial year, which was within the range of a 3.5% to 4.5% decline we gave the market in June 2014.

Television costs (excluding selling costs and the Olympic Winter and Commonwealth Games) increased by 7.0%, which was one percentage point or \$5.5 million lower than we had indicated. The variance related to strict cost control.

The combination of higher costs and lower revenue led to television earnings before interest, tax, depreciation and amortisation of negative \$79.3 million for the year.

The company reported non-recurring items of \$54.2 million, including a television impairment charge of \$52.8 million and restructuring costs of \$8.7 million. It also reported a gain of \$21.4 million on the sale of investments and property, plant and equipment.

The full-year net loss was \$168.3 million. No dividends were paid for the 2014 financial year.

It is important to note that during the first half of the year, the company was in transition from an old content strategy to a new one.

It is also important to note that everyone at the company is focused on improving the company’s television ratings, revenue, earnings and returns to shareholders. Strict cost control is an important part of that focus. We are forecasting a decline in television costs of

8.0% (excluding selling costs but inclusive of one-off events) during the 2014-15 financial year.

At the 2013 Annual General Meeting, Ten Network shareholders approved the establishment of a new, four-year \$200 million financing facility with the Commonwealth Bank of Australia. The establishment of the facility was completed in February this year. At the same time, we repaid a \$150 million US private placement facility.

The new financing facility is free from financial covenants and gives Ten the flexibility to implement our strategic plan, including investing in Event TV and live premium sport targeted at people aged 25 to 54.

The company's net debt at August 31, 2014, was \$80.5 million.

Our company has seen significant change over the past year, as the turnaround strategy that was outlined to shareholders in 2013 continued to be implemented and started to produce results in terms of the improved ratings performance of our television business.

Despite poor ratings at the start of the television survey year, the company has seen strong ratings growth since May 2014, as a result of the six-point plan developed last year.

The six points are:

- Investing in Event Television.
- Investing in premium live sport.
- Focusing on the 25-to-54-year-old demographic.
- Bringing consistency to Network Ten's program schedules.
- Investing in the development of new formats.
- Continuing the expansion of digital platforms and revenue.

A major review and restructuring of television News and Operations was completed successfully in July this year, without impacting **TEN Eyewitness News'** ratings and audience share.

Those changes have given us more capacity to invest in prime time content. The benefits of that restructuring will be apparent in our 2015 financial year results.

As I just mentioned, the execution of all elements of our strategic plan – including the commissioning and promoting of prime time programming – has produced some very promising results since May 2014.

In 2014, Network Ten recorded its first prime time audience growth since 2011. This year, Network Ten was the only free-to-air television network to achieve growth in the important 25 to 54 demographic. Network Ten also recorded growth among total people, under 55s, over 55s and grocery buyers.

Key elements of the strategic plan are reflected in successful new programs such as the **KFC T20 Big Bash League**, the **Sochi Winter Olympics**, the **Glasgow Commonwealth Games**, **Family Feud**, **Gold Coast Cops** and, from 2015, the return of **V8 Supercars** to TEN.

Our inaugural coverage of the **KFC T20 Big Bash League** was the television sensation of the 2013-14 summer, with television audiences up more than 310% on the previous summer, when Big Bash ran on pay television. The Big Bash returns to Network Ten tomorrow night and promises to be an even bigger success.

Network Ten has seen strong prime time audience growth since Easter, thanks to new and established programs including **MasterChef Australia**, **Offspring**, **The Bachelor Australia**, **Family Feud**, **The Living Room**, **The Project** and key US series. The News and Current Affairs division also posted high ratings with Sir Michael Parkinson's exclusive interview with Ian Thorpe.

A key part of our strategy has been to address TEN's weak performance in the 6pm to 6.30pm weekdays timeslot, which had been a problem area for many years. **Family Feud** at 6pm has been a great success story for Ten since it went to air on July 14 of this year. It has exceeded our internal audience forecasts and lifted our performance in the 6pm to 6.30pm weekdays timeslot by more than 20%.

Thanks to the successful launch of **Family Feud**, the company has achieved its best network audience numbers in that timeslot in more than five years.

This year we successfully revitalised our existing brands and gave them new life in a creative and commercial sense. While most of the reality shows on other networks lost viewers this year, Network Ten's key programs grew.

After extensive research and a thorough review of the structure, content and promotion of the program, **MasterChef Australia** was taken "back to basics" in 2014, with a stronger emphasis on the heart of the show – amazing food – and more engaging characters.

Those changes, communicated through the "Ordinary People, Extraordinary Food" marketing campaign, led to a 31% jump in **MasterChef Australia's** television audience this year compared with 2013. **The Winner Announced** part of this year's series had 1.7 million capital city viewers and was up 58% compared with 2013.



In just its second year, **The Bachelor Australia** became a pop culture phenomenon. Its television audience increased 6% on 2013, while *The Final Decision* episode had 1.4 million capital city viewers and was up 19%.

While prime time is our main focus, the day time period of 9am to 6pm remains important in terms of attracting viewers and advertising revenue.

This year Network Ten ranked number one in day time for the 14th consecutive year thanks to programs such as **Studio 10, Judge Judy, Dr Phil, The Bold and The Beautiful** and **TEN Eyewitness News**.

Our multi-channels performed well during 2014. ONE, which is aimed at men aged 25 and older, was Australia's fastest growing multi-channel this year thanks to a jump in its total people prime time audience of 29%.

Network Ten's deals with key overseas program suppliers such as CBS Studios and 21st Century Fox are a critical part of our programming strategy. This year we have seen good growth from several key overseas programs, including **NCIS, The Good Wife, Law & Order: SVU** and **NCIS: Los Angeles**.

In recent months we have added three of the hottest new programs from the 2014 US fall season – **Madam Secretary, NCIS: New Orleans** and **Scorpion** – all of which have launched well in Australia. Next year we will add two highly anticipated new series from the US: **CSI: Cyber** and **The Odd Couple**.

Television is no longer just a linear viewing experience. Increasingly, people want to watch television content wherever they are, whenever it suits them and on whatever device they have at the time.

That is why we launched the new digital platform, tenplay, on September 30, 2013, as the first stage in our "TV Everywhere" strategy. Tenplay is an important part of our strategy to diversify and grow our audiences and revenue. It has been an outstanding success. It has enabled us to take our content across multiple screens and to create richer viewing experiences for our audiences. It is a leading digital platform where people can discover, share and watch premium television content.

In its first 12 months, tenplay recorded 282 million page views. That was up 64% on the number of page views on the Network Ten website in the preceding 12 months. The number of video views on tenplay jumped 56% to 158 million. The number of unique visitors was up 17% to 29 million.

In the year ahead, we will continue to execute the key elements of the strategic plan, including the development of Event TV; a clear focus on 25 to 54s; the addition of more premium live sport; the creation of new content formats; the establishment of consistent program schedules across our three broadcast channels; and the further expansion of tenplay.

We will also continue to look for new advertising revenue streams, as demonstrated by the strong revenue growth of tenplay; the success of the Generate premium creative solutions division and our INTENSIFY direct sales program.

From a programming point of view, our ambition in 2015 is simple: to deliver continued growth with compelling, must-watch content across all our platforms, in a consistent, stable schedule. TEN's early evening schedule is locked for the next 12 months. **TEN Eyewitness News, Family Feud** and **The Project** have delivered strong audience growth in early evenings and we will build on that in 2015. We have not had such a stable and promising early evening line-up for nearly a decade.

The **KFC T20 Big Bash League** will dominate the summer television season, providing the perfect launch pad for three big new formats on TEN: **I'm A Celebrity... Get Me Out Of Here!**, **Shark Tank** and **Gogglebox**. All three are unique, entertaining, and have spectacular track records internationally.

Other new content on TEN in 2015 includes **The Bachelorette Australia, The First ANZACs, Mary: The Making Of A Princess, The Peter Brock Story, Baby Circle, CSI: Cyber, The Odd Couple** and the return of **V8 Supercars** to their natural home.

Next year will also see a strong line-up of returning local content including **MasterChef Australia, Family Feud, The Bachelor Australia, The Living Room, Wonderland, The Project, Gold Coast Cops, TBL Families, Formula One, MotoGP** and much more.

For further information, please contact:

Neil Shoebridge
Director of Corporate and Public Communications
P: (02) 9650 1575. M: 0417 511 012.
E: nshoebridge@networkten.com.au