



WEST AUSTRALIAN NEWSPAPERS HOLDINGS LIMITED

A.B.N. 91 053 480 845

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CHIEF EXECUTIVE OFFICER'S ADDRESS

Please find attached the Chief Executive Officer's address from the 2009 Annual General Meeting.

Yours faithfully

For and on behalf of West Australian Newspapers Holdings Limited

A handwritten signature in black ink, appearing to read 'Peter Bryant', is written over a faint, larger version of the signature.

**Peter Bryant
Company Secretary**

0417 559 117

**West Australian Newspapers Holdings Limited
2009 AGM**

Chief Executive Officer's Address

Good morning ladies and gentlemen.

Let me add my welcome to that of the Chairman.

It is great to see so many of you have been able to come along today, and I look forward to catching up with some of you over a coffee after the formal meeting concludes.

It has now been 11 months since I joined The West. When I reflect on those 11 months, my first thought is "how time flies when you're having fun". My second thought is one of great pride in what we have achieved in a relatively short space of time.

I am very pleased, as I hope you as shareholders are, with the significant progress we have made in ensuring The Group remains the number one source of news, information and content in Western Australia, for Western Australians.

Fundamental to the progress has been our focus on basic business principles. If we can get the basics right, which for us means circulation, ad revenue and cost management, the rest will follow.

If we improve the quality of our products, more people will want them, and if we improve the distribution process and channels, more people will buy them. It sounds simple, but it is often the simple things that get overlooked.

Our strategy has successfully delivered circulation growth, with The West Australian recording year-on-year increases for both Monday to Friday and Saturday for two consecutive quarters – the first time in 15 years that consecutive increases have been achieved. Might I add that this has not been achieved by discounting paper sales to ramp up circulation.

We have actually reduced the number of discounted papers in the system, with consecutive decreases in discounted papers recorded for the last three audit periods.

Our internal data indicates we will deliver a third quarter of year-on-year increases in our Monday to Friday circulation for the September audit.

This hasn't happened for nearly 20 years. Saturday's numbers look like they will be down slightly on the comparable quarter last year. The reason for this, put simply, is last year we had the Olympics, which delivered a notable increase in circulation. This year, no Olympics.

It is due to the strength of our product, and the efforts of our circulation and distribution team, that we have been able to achieve an increase in Monday to Friday sales for the September quarter this year.

This is a very good story, because the Olympics added an average of about 15,000 sales a day over the course of the Beijing games.

In addition to great circulation results, other significant achievements have included:

- The revitalised and refreshed Executive team. Changes have been significant, but in making these changes we were very conscious of the experience, knowledge and history of some of our longer serving Executives and I am pleased that we have ensured we will have continued access to these Executives. We have also brought in some great new people, some of whom I have worked with in the past and some I have not. Without exception they are all individuals of the highest calibre.
- The Executive changes formed part of a broader re-organisation, which encompassed the voluntary redundancy program, which was announced to the market on 9 June 2009, and will be referenced again later in this presentation.
- TheWest.com.au, our new Yahoo!7 powered web-site was successfully launched mid-year and will position us well to build a profitable digital business. Our site rapidly became the number one news web site in the State.

I would now like to spend a few minutes to run through our financial results for the year.

Those of you who have had an opportunity to review the financial results for the year ended 30 June 2009 will have noted a decline on the record results achieved in the prior year.

However, when viewed in the context of the global economic environment, and in comparison to other media companies, the results reflect a very solid performance.

Revenue was down 11.1% on the prior year.

Given the Group's high profit margins, this revenue shortfall translated to a 20% reduction in net profit for the year.

In many respects the year was a story of two halves. Quarters 1 and 2, or July to December 2008, were in many respects still in the economic boom cycle. This abruptly changed in January 2009, with significant declines in revenue, and the start of the economic "crash". This was two weeks after I started and I remember thinking to myself, "what have I got myself into?". From a revenue perspective, things remained reasonably flat from January to mid July, when we started to see the green shoots of the recovery. We are still seeing those green shoots, in fact the whole field now has a green tinge to it.

Our reported net profit for the year was \$87.2m, down 20.6% year-on-year, which in turn equates to an earnings per share of 41.5¢.

Historically, WAN has adopted a policy of paying out 100% of its profits as dividends.

Your new Board and executive management understand the importance of dividends to our shareholders, and in particular their importance to our small family investors. However, we also believe it is important to retain some profits in the business, to facilitate future growth and, in the short term, to pay down debt.

In February, the company adopted and announced a policy of paying the maximum appropriate dividend, having regard to the company's debt and capital management requirements. This statement remains valid.

Total dividends paid in relation to 2009 profits were 33¢ per share, or 80% of reported profits.

Although not 100%, at 80% it remains one of the highest dividend ratios in Australia.

We have also successfully implemented a Dividend Reinvestment Plan, and are pleased with the level of acceptance and take up of the plan by our shareholders.

Within the main business units the results were mixed.

EBIT growth was achieved in The West magazines, up 1.2%. Radio was up 0.8% and Quokka recorded a 32.3% increase.

EBIT declines, however, were experienced in our newspaper publishers with The West Australian down 22.6%, Community Newspapers down 33.3% and the regional newspapers down 7.1%.

Digital losses were \$5.1 million. However, we have now addressed the financial performance of Digital and are confident the division will be profitable by June 2010.

So, what is our focus for the 2009/10 year?

We are continuing to work on improving the supply chain to ensure our product is in the market as soon as it possibly can be. Our review has, and continues, to encompass all aspects of the chain, from air, to road, to newsagents and to the front lawn of our customers.

Our relationship with our Distributors, which in January could be best described as tense, has improved significantly. There is still some work to be done, but we are re-building the mutual trust and respect which is essential for both WAN and its Distributors to have to form a relationship that will deliver returns to both.

Our newspapers are coming out of the production complex on-time, due to efforts from everyone in the chain, from editorial to the loading dock.

We are making changes to the final product, some subtle, some not so subtle, to make it a newspaper that people want to read. There is no better way to improve circulation.

We have launched new products and initiatives and will actively cross promote and sell products within the WAN Group. These are all strategies that will deliver more options and more “bang” to our advertising clients.

Our alliance with Yahoo!7 will see WAN represent Yahoo!7 from an ad sales perspective in Western Australia and equally as importantly will see Yahoo!7 represent WAN, from an ad sales perspective, on the East Coast. Not only do we have the benefit of Yahoo!7 technology powering our site, we have the benefit of their sales force selling our digital product.

As shown earlier in the presentation, our Regional Group performed admirably from a profitability perspective.

Behind the number however, I think it would be fair to say that, as a Group, we have neglected our regional print assets in recent years.

The neglect will stop. From the Board down, we are committed to our regional assets.

The first step in the process of revitalising this business has been the appointment of Mr Ian Jones, as the General Manager of our Regional publications. Mr Jones has an exceptional pedigree for this role. Most recently, he was the General Manager of the Golden West Network.

Last, but as they say, by no means least, I'd like to talk about our people.

As most of you would be aware, we implemented a voluntary redundancy program, in June.

The programme resulted in a one-off cost to the Company of \$13.7m and will deliver annualised savings of \$9m.

The end result is that we now have a workforce of people who want to be at The West.

Our focus now is to build on our dominant position in WA, not hide behind it.

In closing, it would be remiss of me not to take this opportunity to thank Mr Tom Garven, our now former Chief Financial Officer, and Mr Peter Stevens, our now former General Manager Sales. Both retire today, and I would like to personally thank them for their many years of wonderful service to the company. Thank you gentlemen and may I wish you a long and happy retirement.

Thank you.