

TEN HOLDINGS REPORTS IMPROVED 1H 2010 RESULTS

31 March 2010

Ten Network Holdings Limited (Ten Holdings) today reported improved results for the six months to 28 February 2010, which included:

- Group revenue of \$474.0 million (2009: \$467.6 million),
- Group earnings before interest, tax, depreciation and amortisation (EBITDA) of \$117.5 million (2009: \$118.9 million),
- TV EBITDA of \$110.2 million (2009: \$114.1 million),
- EBITDA for EYE of \$7.8 million (2009: \$5.3 million),
- Group earnings before interest and tax (EBIT) of \$103.3 million (2009: \$101.4 million), and
- Underlying group net profit after tax of \$58.7m (2009: \$56.8 million).

Ten Holdings' executive chairman, Nick Falloon, said: "These first half results reflect the continual improvement in external operating conditions, notably a considerably stronger second quarter when television revenue grew by more than 12 per cent compared to the same period last year."

"Network Ten achieved a 30.1 per cent share of television advertising revenue for the six months to December 2009 and we were pleased to have been the only network to have grown revenue on the previous half. The revenue share was also up from the 27.7 per cent recorded for the comparable period the previous year, when our share of revenue was adversely impacted by the Beijing Olympics," Mr Falloon said.

"We have previously stated that our audience performance warrants more than a 30 per cent revenue share, and we have delivered on that expectation. In an improving market, with strong advertiser renewals and a proven schedule, Network Ten is striving to deliver another successful year in 2010.

"The revenue market continues to show strong demand, positively influencing Network Ten's revenue position for the remainder of the 2010 financial year."

Mr Falloon reiterated previous cost guidance for the 2010 financial year, being that normalised television cost growth (ex-selling and excluding the costs of the 2009 AFL Grand Final and a full year of ONE) would be contained to approximately 3 per cent.

"The Federal Government's recently announced licence fee relief for Australia's commercial television operators has not yet been implemented by regulation and therefore has not been factored into our results for the February half. However, when the measure is passed by the Parliament, it will apply retrospectively to 1 January 2010 and the impact for the months of January and February will be reflected in the full year results," he said.

Mr Falloon said that trading conditions across the out-of-home advertising sector continued to be difficult, notably in the US and the UK. EYE's sustained focus on cost management had led to an improved EBITDA contribution for the half.

"Last month's successful launch of MOVE, the first industry-wide audience measurement system to be introduced to the out-of-home sector in Australia, is also expected to have a positive impact on revenue growth in the coming years.

"Ten Holdings is benefitting from improving market conditions, as well as improving earnings and cashflows. The Company has a strong balance sheet, with comfortable levels of gearing," Mr Falloon said.

TEN NETWORK HOLDINGS LIMITED DIVISIONAL RESULTS			
	1H 2010	1H 2009	Favourable/ (Unfavourable)
	\$m	\$m	%
OPERATING REVENUE			
Television	395.4	380.9	3.8
Out-of-Home	78.6	86.7	(9.4)
	474.0	467.6	1.4
EXPENSES			
Television	285.2	266.8	(6.9)
Out-of-Home	70.7	81.4	13.1
Corporate	0.6	0.5	(7.7)
	356.5	348.7	(2.2)
EBITDA			
Television	110.2	114.1	(3.5)
Out-of-Home	7.8	5.3	48.1
Corporate	(0.6)	(0.5)	(7.7)
	117.5	118.9	(1.2)

BOARD AND DIVIDENDS

Ten Holdings today issued a separate release detailing the appointment of four new directors to the Board, as well as the retirement from the Board of John Studdy on 30 June 2010.

No dividend was announced today. Mr Falloon said: "We expect a return to a dividend payout this year, with the announcement of a dividend at the time of the full year results in October."

"Following the appointment of the new directors – all of whom will commence as directors on or before 1 July 2010 – the Board will further consider dividend policy," he said.

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TELEVISION AND DIGITAL MEDIA

Grant Blackley, chief executive officer – television, said: "The combination of an improving advertising market, a strong and diverse program offering and our continued discipline in cost management is benefitting Network Ten."

"We are now regaining a level of advertising revenue share that is commensurate with our audience performance but which we had not effectively monetised in the past year. Whilst we have delivered television advertising revenue growth of more than 12 per cent in the December to February quarter, we expect growth in the order of 20 per cent for the March to May quarter," Mr Blackley said. "We are also experiencing greater visibility and longer lead times in our booking cycle."

"Renewals have improved over the prior calendar year, with enhanced yield, improved terms and better volume commitments. Overall, we have developed a stronger client portfolio across TEN and ONE, and we have attracted substantial advertiser support for key franchises for the year including *So You Think You Can Dance*, *Talkin' 'Bout Your Generation*, *The Biggest Loser*, *MasterChef*, the AFL and the Commonwealth Games.

"Our upcoming Australian slate on TEN includes the second season of *MasterChef*, the addition of *Junior MasterChef* later in the year, *Rush*, the newly-commissioned *Offspring* and *Keeping Up With the Joneses* and the highly anticipated telemovie *Hawke*. Returning successful international series to move into TEN's schedule include *Merlin*, *Glee*, *Lie to Me* and the hit new US comedy *Modern Family*. Sporting highlights include the AFL 2010 season and the biggest event on Australian television for the year, the Commonwealth Games – on both TEN and ONE.

"We are delighted with ONE's success in its first year. In just under 12 months, ONE has built a strong audience, is Australia's no. 1 sports channel and, importantly, has proved to be profitable in its start-up year, hitting every monthly revenue budget from the outset. This was achieved even though ONE launched in the midst of the Global Financial Crisis.

"With its distinct audience and genre-specific content, ONE has also attracted sustained – and enhanced – commercial interest, with all principal sponsors renewing and two further channel sponsors coming on board.

"Our Digital Media division has recorded excellent double-digit growth for the half year, and our online offering is resonating with advertisers. We are actively seeking to grow the level of inventory through product extensions to expand opportunities and have launched a new premium video catch-up TV service, featuring more than 40 programs, to help meet this increasing demand from both audience and advertisers.

"We have stepped up our focus on assessing emerging opportunities in pursuit of further horizontal development, such as our successful investment in the dating site Oasis Active.

"Network Ten will maintain judicious levels of investment in developing opportunities and content for both TEN and ONE to ensure we continue to provide a compelling offering to viewers and advertisers. We have also commenced planning for a third digital channel, to further expand our offering. In deploying our third digital channel, we will leverage our digital infrastructure and align ourselves with strong content providers to create a profitable and sustainable model," Mr Blackley said.

OUT-OF-HOME

Gerry Thorley, chief executive officer – Eye Group, said: "EYE continues to experience patchy trading conditions across its key international markets."

"The United States and United Kingdom markets remain particularly challenging," Mr Thorley said.

"Operating conditions in all our markets have impacted revenue growth, although the trend is more encouraging with the second quarter providing a better result than the first quarter.

"In this environment, our improvement in EBITDA on the same period last year was achieved through our sustained operating discipline, including the reduction of non-essential operating costs.

"EYE has been a committed and active participant in the industry's successful introduction of MOVE, which culminated in its launch in February. This initiative has already elicited positive market feedback, and the benefits of such a robust audience measurement tool will support growth in the sector over time.

"We remain focussed on returning all businesses to cash flow profitability," Mr Thorley said.

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