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TEN NETWORK HOLDINGS LIMITED

2009 1H RESULT BRIEFING

2 April 2009



Overview

- 1H 2009 result in line with 17 February market update
 - Group EBITDA of \$119m
 - TV EBITDA of \$114m & Out Of Home EBITDA of \$5m
 - Non-recurring items recognised in the result
- Advertising market remains short and challenging
 - Responding through use of all operational levers
- Continue to operate within banking covenants
 - Cash flow management remains a key focus
- Remain well placed to withstand these times and to benefit in the future

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Grant Blackley

Television & Digital Media



Overview

- TV EBITDA of \$114m
 - TV revenues down 12% for the period
 - Costs down 3% – partially offsetting decline in revenue
- Cost & capital expenditure control is a key focus of management
 - All areas of the business have been reviewed with diligence
 - Core focus has been to deliver cost reductions in “off screen” spend
 - Full year costs will be down on last year
- ONE launched successfully on 26 March
 - Annual cost is less than \$20m and will be break-even in Year 1
- TEN had a solid commencement to ratings year
 - Continued focus on influential demographic profiles by day part

Television & Digital Media Revenue

- Challenging advertising market throughout reported period
- First half advertising revenue comparison impacted by:
 - 2007 Rugby World Cup, absence of AFL Grand Final (back in 2009) and residual impact of Beijing Olympics
- Comparables for the remainder of FY09 influenced by:
 - TV market declined from May 2008
 - No Olympics “distortion” in August comparable
 - TEN will benefit from ONE revenues
- Digital media assets have achieved double digit revenue growth in 1H09

Television Costs

- Headline TV cost decline for 1H period of 3%
 - 2% reduction in underlying cost base (ex selling costs)
- Costs will be **down** for the full financial year
 - On both a reported and ex selling cost basis
- This cost result will be achieved inclusive of:
 - Launch of ONE and on-going investment for FY period
 - New major franchise in **MasterChef Australia**
 - New 7pm weekday domestic program from Roving Productions
 - Additional new local and international programming
- Management continues to innovate while protecting “on screen” activity for TEN & ONE’s valuable audience groups by day part

Performing Well Across Demographic Targets

- Another highly successful season for *So You Think You Can Dance Australia* & *The Biggest Loser*

	SYTYCDA *	Biggest Loser **
18-49	37.9%	37.1%
16-39	43.0%	40.1%
25-54	35.2%	34.8%

* Average CSHR: Dance Auditions, Performance & Elimination shows

** Average CSHR: Weigh-in, Elimination and Daily (Tues – Fri) shows

- Daytime: Leading daytime in all major demos with
 - 25-54: 38.8%
 - Grocery Buyers: 38.0%
- TEN News: Leading weekdays 5-6pm in all major demos with
 - 25-54: 48.1%
 - Grocery Buyers: 42.8%

Targeted Demographic Focus

TEN is highly efficient in delivering most influential demographics

Primetime commercial share

18 – 49	32.5%
16 – 39	35.9%
16 – 54	31.8%

Source: OzTAM Zone 1 (18:00-22:30, Sun-Sat)

Metro commercial share for survey weeks 7-13, 2009

TEN Programming – Still to Come

- Major new Australian franchise - **MasterChef** (April)
 - New **7pm** weekdays program from Roving Enterprises
 - New Australian programs
 - **Talkin' 'Bout Your Generation** (Shaun Micallef)
 - **Recruits** (Cordell Jigsaw)
 - New international series
 - **Merlin** (BBC/NBC)
 - **Harper's Island** (CBS)
 - **Worst Week** (CBS)
 - AFL Final Series including **Grand Final**
 - **Australian Idol**
- + New day & date series pipeline from both Fox and CBS

Sharing one passion. Sport



- Fully deployed operating digital multi-channel platform
- 24 Hour Free-to-air Sports Channel
 - Available in High Definition (Channel 1) + Standard Definition (Channel 12)
- Audience reach 60%+ at launch
 - Growing rapidly i.e. circa 75%+ within 12 months
- Local market advertising and content insertion capability
- Already strong advertiser and agency support to date
 - 6 principal sponsors
 - 10 individual sports code sponsors
 - 4 major agency group deals

Sharing one passion - Sport



- **AFL** – Pre-season, Home & Away, Brownlow & Grand Finals
- **Commonwealth Games** – 2010 Delhi & 2014 Glasgow Games
- **Swimming** – 110 hours each year + Pan Pacs every 2nd year
- **Netball** – Trans Tasman Netball League & Aust Test Series
- **Motor sport** – Formula 1, Moto GP, Nascar, Aust Rally, Rolex Series
- **Golf** – US Open, US Masters, Aust PGA, Ladies Masters plus 22 events
- **Cricket** – IPL & Twenty20 Champions League
- **Cycling** – Herald Sun Tour & Aust Velodrome Series
- **International** – NFL, Superbowl, NBA, MLB & U.S College Sports
- Plus more to come...

2009 for TV

- Programming to deliver valuable and competitive audiences
 - We remain a strategically targeted operation
 - Extensive list of new domestic and international shows ... with more to come
- Revenue market is currently short and challenging
 - Comparables will become easier from May (downturn in prior year)
 - TEN will benefit with no Olympics and return of AFL Grand Final
- Costs will be below prior year and remain a core priority

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Gerry Thorley

eyeTM



OOH Overview

- OOH 1H09 EBITDA of \$5.3m (2008: \$5.5m)
- Challenging trading conditions
 - Group Media revenues down 6% for 1H
 - ANZ revenues down 12% for period
 - Solid revenue growth performance for Eye Shop ANZ
- Headline cost reduction of 7% year on year
- Non-recurring expense items
 - Relates to US Shop, UK Fly and ANZ Drive assets



2009 for OOH

- Maximise revenue across the business
- Focus on rental contracts
- Continue to review and reduce non-essential operating costs
- Support Australian OOH industry with introduction of MOVE to legitimise and grow sector via audience measurement
- Using operating leverage to strategically and financially benefit when more favourable trading conditions return



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John Kelly

Financial Results



TEN NETWORK HOLDINGS LTD	2009	2008	Fav / (Unf)
1H DIVISIONAL RESULTS	\$M	\$M	%
OPERATING REVENUE			
Television	380.9	433.8	(12.2%)
Out of Home	86.7	92.7	(6.5%)
	467.6	526.5	(11.2%)
EXPENSES			
Television	266.8	275.1	3.0%
Out of Home	81.4	87.2	6.7%
Unallocated*	0.5	0.5	-
	348.7	362.8	3.9%
EBITDA			
Television	114.1	158.7	(28.1%)
Out of Home	5.3	5.5	(3.6%)
Unallocated*	(0.5)	(0.5)	-
	118.9	163.7	(27.4%)

* Unallocated costs refer to the corporate costs relating to the operation of Ten Holdings

TEN NETWORK HOLDINGS LIMITED
1H GROUP RESULTS

	2009 \$M	2008 \$M	Fav /(Unf) %
EBITDA	118.9	163.7	(27.4%)
Depreciation	16.5	15.0	
Amortisation	1.0	1.6	
EBIT	101.4	147.1	(31.1%)
Net Interest Expense	22.4	22.2	
PROFIT BEFORE TAX & NRI	79.0	124.9	(36.7%)
Non Recurring Items (NRI)			
Television	(15.6)	-	
OOH	(122.8)	-	
PROFIT/(LOSS) BEFORE TAX	(59.4)	124.9	
Tax (Expense) / Revenue			
Normal	(22.1)	(37.5)	
<i>Prima facie tax rate</i>	<i>28.0%</i>	<i>30.0%</i>	
Non Recurring			
Tax effect on Non Recurring Items	12.0	-	
Write-off of OOH USA tax losses	(10.1)	-	
Tax consolidations	-	183.7	
PROFIT/(LOSS) AFTER TAX	(79.6)	271.1	
Outside Equity Interests	0.1	(0.5)	
NET PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS	(79.7)	270.6	
<i>Normalised Net Profit After Tax</i>	<i>56.8</i>	<i>86.9</i>	<i>(34.6%)</i>



Cash Flow Analysis

- Net Debt of \$610m at February 2009 (Aug 2008: \$600m)
 - Drawn Debt of \$620m offset by Cash of \$10m
- Cash flows are seasonally lower in 1H
 - Annual television licence fee & dividend payments in December
- 1H 2009 operating cash flows also impacted by
 - Sales receipt impact of August Beijing Olympics (circa \$20m)
 - Prepayment of program licence fees (circa \$15m)
- Conclusion of the major projects capital expenditure spend in 2009
 - Expect capital expenditure payments to be \$30m for FY2009
 - Revert to maintenance capex of \$10m for Group in 2010
- Cash flow management paramount in current times

Debt Structure & Banking Covenants

- Well placed with long term debt facilities of \$990m
 - \$630m Three Year Syndicated Facility due April 2011
 - \$125m USD (\$210m AUD) US Private Placement due March 2013
 - \$150m AUD US Private Placement due December 2015
 - Projected Debt Interest Cost of 6% pa (all in cost)
- Banking Group & Private Placement semi annual covenants are:
 - *Debt Service Ratio*
 - Drawn Debt is less than 4.25 times EBITDA
 - February 2009 at 3.6 times
 - *Interest Cover Ratio*
 - EBITDA exceeds 2.5 times Net Interest Expense
 - February 2009 at 3.7 times
- We expect to meet the covenant requirements at August 2009

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Nick Falloon

Summary



Summary

- Result in line with previous guidance
- The advertising market is currently short and challenging
 - TEN is leveraged to the cycle
- Focusing on all aspects of the business to withstand these conditions and emerge competitively stronger
 - Cost management a key part of that focus
- TEN has strong core assets that have been further enhanced by the successful launch of ONE
- Fully digitised and embraced multi-channelling
- Relative to our FTA competitors we remain modestly geared and able to invest in our future

Questions