



MEDIA RELEASE

TEN TELEVISION REPORTS SECOND QUARTER REVENUE AND EARNINGS GROWTH

28 March 2007

Ten Network Holdings Limited (Ten Holdings) today reported earnings for the six months to 28 February 2007.

The Company's television business, Network Ten (TEN), and out-of-home (OOH) advertising division, Eye Corp (EYE), secured excellent second quarter revenue growth.

Capitalising on its record 2006 ratings and a stronger television advertising market, TEN's second quarter revenue rose 8.4% on the prior corresponding period, boosting EBITDA by more than 10%.

TEN has achieved its previously stated ambition of regaining more than 30% of the metropolitan television advertising market with a 30.3% share in the six months to 31 December 2006.

EYE attained a similar level of profitability to the first half of the 2006 financial year despite bearing a \$1.6 million non-cash expense arising from the straight-lining of newly contracted lease arrangements.

Ten Holdings' interim results include:

TEN HOLDINGS – 1H FY 2007

• Group revenue	\$492.4m
• TV revenue	\$402.9m
• Group EBITDA	\$156.4m
• TV EBITDA	\$142.4m
• TV EBITDA margin	35.4% – industry best
• Eye Corp revenue	\$89.5m
• Eye Corp EBITDA	\$14.4m ^o
• Group NPAT	\$37.7m

^oIncludes non-cash AIFRS adjustment of \$1.6m for straight-line accounting treatment of Eye Corp leases

Commenting on the results, Network Ten's executive chairman, Nick Falloon, said: "TEN has capitalised on its record 2006 ratings and an improving market for this stronger television result.

"TEN secured a rate and volume increase in annual renewal negotiations with advertisers and will strive to maintain its 30% revenue share in calendar 2007.

"With all of TEN's 2006 hits returning, plus a strengthening international line-up, TEN is confident in its competitive position.

"We're also excited about the opportunities for viewers and advertisers TEN is creating through its new digital media business," Mr Falloon said.

Turning to the Company's OOH division, the executive chairman said EYE had had another period of growth; steady revenue increases in established businesses were countered by previously foreshadowed start-up costs as the company expands into North America and Europe.

"While EYE's revenue rose 40% in the half, earnings were impacted, as expected, by investment in our new US mall and European airport operations, which are already demonstrating their potential," Mr Falloon said.

The executive chairman noted EYE's EBITDA of \$14.4m included a non-cash AIFRS adjustment for straight-lining of leases. Without this adjustment, EYE would have achieved EBITDA of \$16.0m – higher than that for the prior corresponding period.

Mr Falloon added EYE had booked a non-recurring profit of \$8.9m on the sale of its Malaysian investment in Big Tree Outdoor, which was partly offset by start-up losses in the US and UK of \$6.5m.

Mr Falloon said the Company expected Eye Corp's continued investment in the US and UK would result in similar start-up losses for the second half of the 2007 financial year.

TEN NETWORK HOLDINGS LIMITED DIVISIONAL RESULTS			
	1H 2007	1H 2006	Favourable/ (Unfavourable)
	\$m	\$m	%
OPERATING REVENUE			
Television	402.9	400.5	0.6%
Out of Home	89.5	63.8	40.2%
	492.4	464.3	6.1%
EXPENSES			
Television	260.5	244.5	(6.6%)
Out of Home	75.1	49.3	(52.2%)
Unallocated ^o	0.4	0.6	33.3%
	336.0	294.4	(14.1%)
EBITDA			
Television	142.4	156.0	(8.7%)
Out of Home	14.4	14.5	(0.8%)
Unallocated ^o	(0.4)	(0.6)	33.3%
	156.4	169.9	(7.9%)

^oUnallocated costs refer to the corporate costs relating to the operation of Ten Network Holdings Limited.

TELEVISION

Grant Blackley, chief executive officer – television, said: "TEN is gaining a higher share of a recovering television revenue market thanks to a defined and aggressive programming strategy that delivers specific audiences to clients more efficiently than our rivals.

"Against very high comparable ratings a year ago, we have largely maintained our position in the demographics that matter most to advertisers.*

"Our proposition to market has been consistent: we are already highly competitive in 18-49, the US benchmark demographic that accounts for approximately 75% of TV ad dollars, and in 2007 we will win our seventh consecutive ratings year in 16-39.

"With new international program supply agreements, TEN is entering its strongest-ever content position.

"Our expanded agreement with CBS Paramount International Television – the number one US network in 25-54 – delivers CBS News and factual programming, the much-loved *Dr Phil* and the *Late Show with David Letterman*. We expect to see TEN cost-effectively become Australia's leading daytime television network in the key off peak demographics, grocery buyers with children and women 25-54.

"And, in September, our long-term deal with 20th Century Fox Television comes on line, delivering a robust and prolific supply of series aimed specifically at our target 18-49 audience that will significantly enhance our prime time offering.

"Renewing the rights to the Australian Football League (AFL) provides schedule, ratings and revenue certainty for the coming five years. In a winning outcome for advertisers and fans, TEN has retained the biggest games, our share of the finals exclusively live on free-to-air television and, of course, TEN's sixth consecutive exclusive live Grand Final.

"More than ever, the AFL looks better on TEN, with all our prime time home and away season and finals games in High Definition (HD) digital, providing the complete experience."

Mr Blackley noted HD receivers were now estimated to account for 36% of all digital television receivers present in Australian homes. As of December 2006, more than two million homes had free to view digital television (SD and HD), with take-up accelerating each quarter.

"HD will increasingly be a real point of difference for consumers, and we believe sport will be the key driver. TEN's US Masters Golf and Rugby World Cup coverage will be in HD, as will be this year's *Australian Idol* – to name just a few programs," Mr Blackley said.

Mr Blackley congratulated TEN's digital media team for the well-executed launch of ten.com.au and a series of related websites. Over the coming months, TEN will add substantial functionality and content to enhance the consumer experience.

Mr Blackley also acknowledged a number of first to market initiatives, including Australia's first-ever online premiere of a new US television series (the first episode of *Supernatural* series two) and Australia's most popular television program websites in *Big Brother* and *Australian Idol*.

"Our many achievements, spearheaded by our stable and experienced management team with an unsurpassed depth of television expertise, position TEN for another strong year," Mr Blackley concluded.

OUT-OF-HOME

Gerry Thorley, chief executive officer – Eye Group, said: "EYE remains focused on sustaining growth and managing market conditions in our existing and new territories.

"While our North American and European start-ups bring expected challenges and ongoing investment, I am very pleased with the results and promise already emerging.

"For example, with the December 2006 Foxmark acquisition, EYE is well on track to being one of the largest mall media operators in the US despite not being a full year in operation.

"Meanwhile, the addition of Belfast Airport brings our portfolio to 21 international airports encompassing more than 200 million passenger movements each year.

"We continue to develop valuable new audience formats, with Eye Study reaping the benefits of its unique audience exceeding 1 million university and tertiary students in Australia and New Zealand.

"Our profitable divestment of a 30% holding in Big Tree Outdoor in Malaysia allows us to redirect resources to other opportunities in the region including the ongoing development at Singapore Changi Airport.

"EYE's reputation as an OOH pioneer is confirmed by technical innovations such as our fourth generation digital Eyclite range, roll-out of landscape digital format signage in Australia and portrait digital units in the US as a component of the current Macerich deployment.

"The coming year will see EYE continue to actively explore new formats and new markets but always with an eye for maximum return," Mr Thorley said.

OUTLOOK

The executive chairman noted the Company was in a strong position and remained committed to its targeted business model.

"TEN has grown its market share, maintains best in class margins and is focused on bettering last year's EBITDA.

"With close attention to costs, we will continue to invest strategically in new programming.

"EYE's expansion continues apace; the Australian businesses retain sector-leading margins and EYE will look to replicate that success overseas.

"We're seeing encouraging signs of progressive strengthening in the advertising market."

Mr Falloon concluded by reiterating that a potential sale process for the Company was underway and said shareholders would be informed when an outcome had been reached.

DIVIDENDS

Shareholders received their first fully franked ordinary dividend payment for 2007 of 9.0 cents per share on 11 January maintaining the Company's policy of distributing 100% of available earnings. Ten Holdings' second fully franked ordinary dividend will be announced in June and paid in early July.

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**Please note: 2007 share/audience figures relate to survey weeks 7-12, 2007. Comparisons to the prior year relate to survey weeks 7-12 2006 excluding the two full weeks of the Commonwealth Games (weeks 11 and 12). As is industry standard with non-recurring events, the Commonwealth Games are deleted from cumulative ratings reports. All ratings data: OzTAM Zone 1 (1800-2230) metro commercial share/audience unless otherwise noted.*