

## TEN HOLDINGS COMPLETES OPERATING AND STRATEGIC REVIEW AND UPDATES MARKET ON FY2011 RESULTS

15 August 2011

### OPERATING AND STRATEGIC REVIEW NOW COMPLETE

Ten Network Holdings Limited ('Ten Holdings' or 'the company') announced today that it has now completed the Operating and Strategic Review announced to the market on 23 February 2011.

Ten Holdings interim CEO, Lachlan Murdoch said: "This has been a rigorous review, conducted across the entire group, focused on re-setting the company's strategic direction and building on its core strengths."

The review focused on the following areas:

- Reviewing and rigorously restructuring and resetting the company's cost base
- Reinvesting cost savings into new program initiatives to drive ratings and revenue
- Creating a cross platform sales and integration function to efficiently sell across the company's broadcast, online and out-of-home media assets
- Relaunching ONE with a mix of sport and general entertainment programs targeted at Men 25-54, to maximise ratings in prime-time
- Reviewing and implementing strategic changes to the Early Evening News with the aim of increasing ratings and revenue; and
- Restructuring EYE Corp's head office function and the sales structure.

In particular, the company's cost base has been restructured significantly with a view to improving profitability and enhancing both the viewer experience and the opportunities offered to advertising partners.

The Operational and Strategic Review has resulted in a reduction of approximately 12% of total staff and in annual savings of approximately \$18m across the group.

Programming across the Network's three channels will be a direct beneficiary of the strategic review, with more than \$50 million re-invested in programming content for the coming year.

Despite inflationary increases and significant contractual increases in program costs being incurred for FY2012, the cost base for FY2012 has been reduced as part of the Operating and Strategic Review so that Television costs (ex-selling) will be no higher than those in FY2011.

"The management team has a renewed focus on driving strategic outcomes, aligning business units, improving accountability and tightly managing costs, the benefit of which will be felt in FY2012," Mr Murdoch said.

## RESTRUCTURING CHARGES

As a result of the Operating and Strategic Review, the company announces that, in addition to the \$7.1m non-recurring charge that formed part of the 1HFY2011 results, an additional \$39.0m will be incurred in the 2H for a total of \$46.1m of non-recurring charges incurred for the year ending 31 August 2011.

These one-off charges are non-recurring and consist of staff redundancy costs for both the Television and Out-of-Home segments, restructuring charges incurred as part of the Operating and Strategic Review, and program write-offs.

The one-off charges include costs which the company has agreed to pay for the proceedings brought against, and by, its chief executive designate, James Warburton, being Mr Warburton's legal costs and the costs of Seven in respect of which the Supreme Court has made orders.

## MARKET UPDATE ON FY2011 RESULTS

The company considers that it is appropriate to provide a market update in relation to the company's results for the year ending 31 August 2011.

This guidance is broadly in line with market consensus and previous guidance provided by the company.

The final audited results for the year ended 31 August 2011 will be released on 20th October 2011.

The updated market guidance for the year ending 31 August 2011 is as follows:

- GROUP RESULTS

- EBITDA pre Non Recurring Items of approximately \$171 million
- Non Recurring Items of \$46.1 million

- TELEVISION

- EBITDA pre Non Recurring Items of approximately \$153 million
- Revenue growth of 2% on FY2010
- Total cost growth of 9% on FY2010

- OUT-OF-HOME (EYE CORP)

- EBITDA pre Non Recurring Items of approximately \$18 million
- EBITDA growth of 22% on FY2010
- Revenue decline of (7%) on FY2010
- Revenue (continuing operations) increase of 10% on FY2010
- Cost management contributing to the improved performance

- Ends -

## CONTACTS

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