

TEN HOLDINGS REPORTS Q3 2009 EARNINGS

24 June 2009

Ten Network Holdings Limited (Ten Holdings) today reported consolidated revenue of \$678.6 million and consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) of \$128.0 million for the nine months to 31 May 2009.

Revenue for the quarter from the television business, Network Ten, was \$174.1 million, being 15 per cent less than the same period last year.

The out-of-home advertising division, EYE, recorded revenue for the quarter of \$36.9 million, which was also 15 per cent less than the same period last year. Despite this decline, EYE achieved positive EBITDA for the quarter.

Ten Holdings' results for the nine months to 31 May 2009 are as follows:

| | YTD 2009 \$m | YTD 2008 \$m | Variance % |
|----------------------------|--------------------|--------------------|---------------|
| TV Revenue | 555.0 | 640.5 | (13.3) |
| Out-of-home Revenue | 123.6 | 136.2 | (9.2) |
| Group Revenue | 678.6 | 776.7 | (12.6) |
| Group EBITDA | 128.0 | 201.9 | (36.6) |

Ten Holdings' executive chairman, Nick Falloon, said: "The continued negative impact of this challenging and difficult advertising market was the key factor in our third quarter revenue being 15 per cent below the prior corresponding period."

"Television revenue was also affected by the market's perception that ratings would not improve over the prior year, despite our new program initiatives including *MasterChef Australia*, *Talkin' 'bout Your Generation*, *Recruits* and *Merlin*. Each of these properties has now demonstrated their worth and they are the new hit shows of the season. They are currently attracting considerable interest and investment," Mr Falloon said.

"Our new digital multi-channel ONE has also successfully launched and continues to improve on all critical measures including revenue and ratings.

"Our ratings momentum, the absence of the Olympics and greater buyer interest in TEN and ONE will benefit our final quarter for fiscal 2009 and beyond.

"As per previous guidance, full year TV costs (reported and ex-selling) will be down on 2008. We remain focused on cash flow management and debt reduction, and expect that drawn bank debt will be approximately \$600 million at the end of the financial year on 31 August 2009.

"Based on forecast debt levels, our strict cost control and our trading expectations for the final quarter, we remain of the view that Ten Holdings will be within the requirements of its banking covenants at the end of the financial year."

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Television update

"As a result of its strong and well targeted line-up of local and international programs, including the introduction of successful new shows such as *MasterChef Australia*, *Merlin*, *Talkin' 'bout Your Generation* and *Recruits*, TEN is Australia's number one network in primetime in people under 50. It is the number one network in primetime in both the key demographics of 18-49 and 16-39. TEN is also the number one network in daytime and *TEN News at Five* is the top daytime program, year to date," Mr Falloon said.

"Our digital media assets are also being deployed effectively to extend viewer and advertiser engagement with our programming. For example, hits on the *MasterChef Australia* website have totalled 15.9 million page views and 3.9 million video views for the season to date¹.

"While it's still early days, ONE has so far reached 4.32 million people in Network Ten's 5-city metropolitan broadcast market. It is already reaching over 2 million people every week and exceeding the combined reach of Fox Sports 1, 2 and 3 in our broadcast markets.

"This all sets a strong foundation for the remainder of the ratings year.

"It also places Network Ten in a solid position to more effectively monetise these outcomes – including the return of 2009's hit new shows *MasterChef Australia* and *Talkin' 'bout Your Generation* – in the 2010 financial year, commencing September 2009.

"Highlights ahead for the remainder of the ratings year on TEN include a new, 2-hour 'super Sunday' *Australian Idol*, an extended 22-week series of the superb Australian drama *Rush*, and one of our most significant commitments in years with the new daily *7PM Project* in collaboration with the proven production team, Roving Enterprises. All favourites are back in the schedule along with a raft of new shows from our prolific long term US studio contracts with CBS Paramount and 20th Century Fox, as well as the year's biggest sporting event, the AFL Grand Final.

"On every measure, ONE is growing steadily, including audience, ratings and the addition of new sports programming rights. The audience for ONE comes from all digital TV households, which is nearly twice as large as the number of subscription TV households in Network Ten's 5-city broadcast markets. That audience will continue to grow as more households make the switch to digital over the coming months and years," Mr Falloon said.

Dividend

As previously advised, shareholders received a fully franked ordinary dividend payment for 2009 of 2 cents per share on 13 January 2009. Ten Holdings today confirmed the indication given at the time of the first half 2009 results, that there will be no further dividend paid in the 2009 financial year due to the impact on current year earnings from the non-recurring items recognised in the first half 2009 result.

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CONTACTS

Analysts

John Kelly
Group Chief Financial Officer
Tel: 02 9650 1319

Media

Jeannette McLoughlin
Head of Corporate Communications
Tel: 02 9650 1012

Source: All ratings data:

TEN: OzTAM Zone 1 (1800-2230, Sun-Sat) or daytime (0900-1800, Mon-Fri) metro commercial share/audience for survey weeks 7 – 25 2009, excluding Easter, unless otherwise noted.

ONE: OzTAM 5 City Metro Wks 16-25 2009. All simulcast programming (TEN and ONE) is reported solely as a combined number shown in TEN's viewing figures. There is no separate ratings data available for ONE when programming is simulcast with TEN

¹As at 21 June 2009

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