



April 10, 2014

Ten Network Holdings' First Half Financial Results.

Ten Network Holdings Limited (ASX: TEN) ("TEN") today announced its results for the six months to February 28, 2014. The results included:

- Television earnings before interest, tax, depreciation and amortisation of \$10.1 million
- Television revenue increased 4.4% to \$315.0 million
- Reported net loss after tax of \$8.0 million. This compared with a reported net loss of \$243.3 million in previous corresponding period, which included non-recurring charges of \$244.8 million
- Net debt of \$35.9 million as at February 28, 2014

Ten Network Holdings' Executive Chairman, Chief Executive Officer and Managing Director, Hamish McLennan, said the company's results reflected the impact of higher programming costs, the investment in premium sport content and modest growth in the television advertising market.

"Our television revenue growth was ahead of the growth rate for the capital-city free-to-air television advertising market during the six months to February 28," he said.

"That result was driven by the successful launch of the KFC T20 Big Bash League, which gave TEN its best summer ratings since 2008, and the XXII Olympic Winter Games in Sochi, Russia. But, as expected, the increase in revenue did not off-set the investment in critical new content."

TEN's first-half television costs (ex-selling costs and the XXII Olympic Winter Games) increased 8.2%.

Mr McLennan said: "The increased costs reflect our investment in the KFC T20 Big Bash League and the morning television programs that were launched in November 2013.

"Strict cost control is part of TEN's DNA and we will continue to find new ways to work smarter and more efficiently. At the same time, we will make prudent and strategic investments in content to execute our turnaround strategy."

Mr McLennan said the strategy of focusing the TEN channel on Event TV, including premium sport, aimed at people aged 25 to 54 would continue.

For personal use only

“We have consistently said that it will take time to improve TEN’s ratings, revenue, earnings and returns to shareholders.

“We remain committed to improving the nature of our existing agreements with various content partners.

“Our sport, evening news and current affairs programs are performing well, along with the ELEVEN joint venture, ONE and our day time program schedule. But the TEN channel’s general entertainment content and scheduling has under-performed and needs to be improved,” he said.

As part of its digital strategy, TEN launched the tenplay website and app in September 2013.

Since then, tenplay has been expanded with the launch of more apps, plus partnerships with Microsoft Xbox and Google Android. Thanks to tenplay, TEN has recorded significant growth in online video views, page views and advertising revenue, and has been acclaimed by advertisers and media buyers.

New Financing Facility and Capital Management

A new four-year, \$200 million debt facility (the “Financing Facility”) from the Commonwealth Bank of Australia was approved by shareholders at the TEN Annual General Meeting on December 18, 2013.

The Financing Facility is free from financial covenants and is guaranteed by TEN’s major shareholders associated with Bruce Gordon, Lachlan Murdoch and James Packer.

In February 2014 TEN repaid a \$A150 million US Private Placement Facility. TEN’s net debt at February 28, 2014, was \$35.9 million.

Outlook

Advertising market conditions remain “short”, with many advertisers reluctant to commit to long-term campaigns. As a result, the outlook for the television advertising market is uncertain at this stage.

Interim Dividend

The Board decided that no interim dividend will be paid.

For more information, please contact:

Analysts

Paul Anderson

T: (02) 9650 1250

E: panderson@networkten.com.au

Media

Neil Shoebridge

T: (02) 9650 1575, or 0417 511 012

E: nshoebridge@networkten.com.au

For personal use only