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# TEN NETWORK HOLDINGS LIMITED

## Market Update & Proposed Capital Raising

17 February 2009



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# Agenda

- Market Update
- Strategy
  - Television
  - Out of Home
- Debt Structure
- Proposed Capital Raising



# Market Update

- Advertising market continues to be impacted by prevailing conditions
  - 2009 1H TV revenues will be down 12% on prior period
  - Comparable partially impacted by absence of RWC and AFL Grand Final
  - Visibility remains short - although comparables are easier from May
- Forecasting 1H Group EBITDA of \$118m – down 28% on prior period
- Non-recurring charges
  - EYE \$133m
    - represents Asset Write downs and Losses on Onerous Contracts largely within operations in USA and UK
  - TEN \$15m
    - relating mainly to program inventory write downs
- Half year results to be released on 2 April 2009

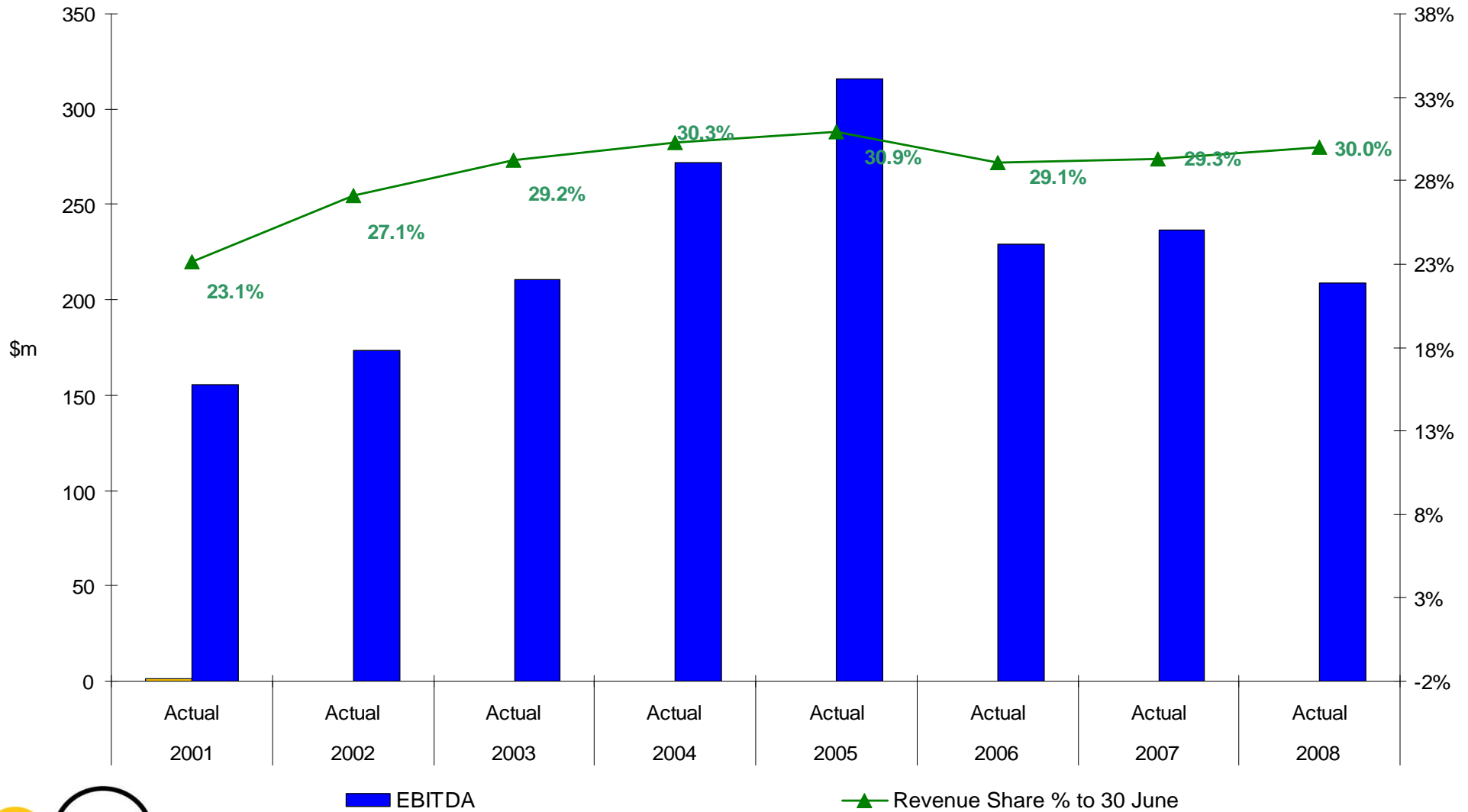


# TEN's Operating Strategy

- Targeted demographic focus
  - Continued No 1 performance in 16-39 (since 2001)
  - Remain highly competitive in 18-49 key demographic
  - No. 1 in daytime TV
- Strict cost controls
  - Optimised and improving program cost model
  - Operating costs consistently within CPI
- Outsourced model
  - Capital/labour-intensive production primarily outsourced
- Strong operating margins

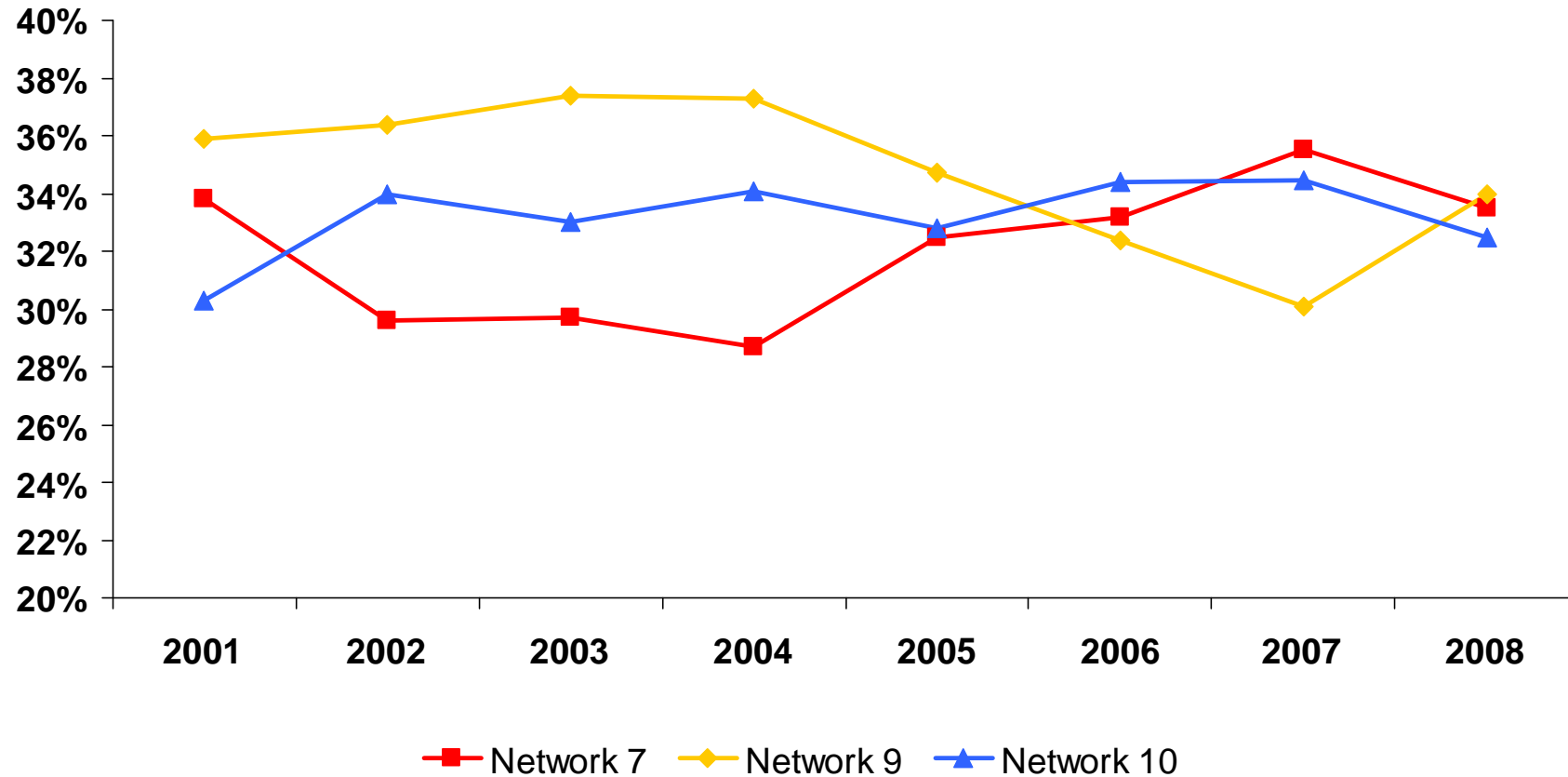


# The TEN Story



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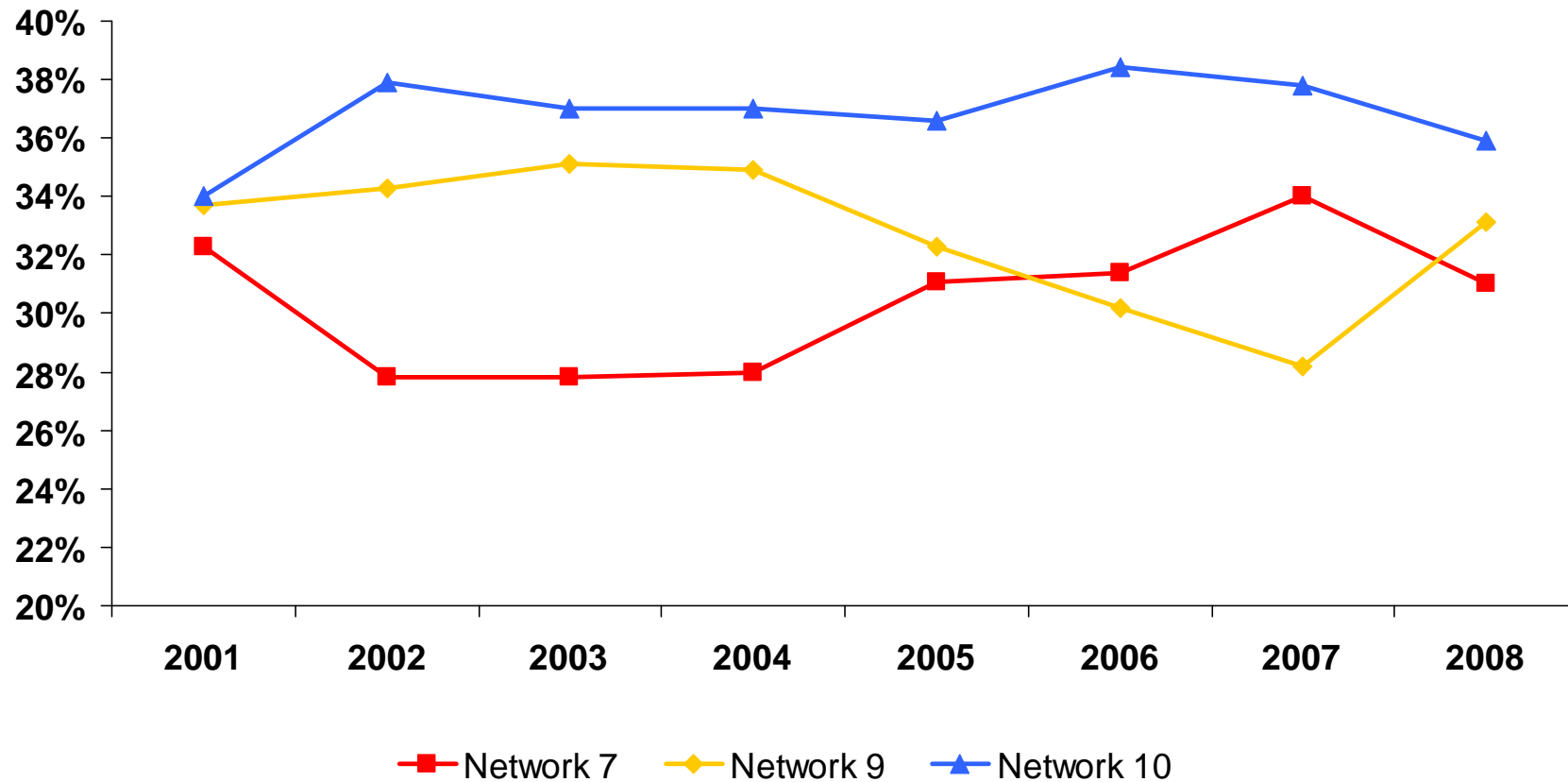
# Ratings Trend for 18-49s



Zone 1 (1800-2230), Wks 7-41, 2008 (Excl Easter and Olympic Games)  
Commercial share for 5 City Metro



# Ratings Trend for 16-39s



Zone 1 (1800-2230), Wks 7-41, 2008 (Excl Easter and Olympic Games)  
Commercial Share for 5 City Metro



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# Well Placed For The Future

- Invested in a multi-platform broadcast platform
  - \$65m in capital expenditure spent & deployed over past three years
  - Future maintenance Capex < \$10m per annum
- Returns will be realised over coming years
  - Enabling future operating cost efficiencies
  - Launch of ONE in March 2009 – the first FTA sports channel
  - Creation of new revenue streams
- Long term program contracts with Fox and CBS
  - Efficiently priced in AUD on an output basis
  - Provides access to content from two of the four US Networks
  - Complementary to TEN's demographic profile



# Out of Home Update

- EyeCorp is an international out-of-home operator
  - Australia, New Zealand, USA, UK , Singapore & Indonesia
  - Four key silos - Fly, Drive, Shop, Study
- Core Australian operations remain highly profitable
  - Operated at circa 18% EBITDA margin over the last five years
  - Audience measurement launching in 2009
- US Shop expansion has provided key asset base
  - Expanding Mall media model with long term contracts in 250 malls with over 3,500 active panels
  - Third largest operator behind JC Decaux & Clear Channel
  - Current market although very difficult provides integration opportunities
- Out of Home will grow strongly over the long term



# Debt Structure

- Core Average Net Debt Forecast of \$620m
  - Slightly higher due to \$15m prepayment of 2010 Common. Games
- Ongoing Debt Facilities of \$990m
  - \$630m Three Year Syndicated Facility due April 2011
  - \$125m USD (\$210m AUD) US Private Placement due 2013
  - \$150m AUD US Private Placement due 2015
- Well established Treasury Policy with appropriate interest rate hedging
- Comfortably placed within requirements of lending facilities



# Proposed Capital Raising

- Nature of Raising
  - Seeking to place up to 120 million shares (up to 13% of TSO)
  - Ordinary shares – rank pari passu
  - Institutional placement – both domestic and offshore
  - Price to be set by book build
  - Trading halt in place while book build conducted
- Rationale for Raising
  - Proactive and prudent measure to strengthen the balance sheet in uncertain operating environment
  - Enhances financial flexibility and ensures Ten is well placed to benefit from a future upturn in the advertising cycle
- Will not proceed if book build outcome is unacceptable to Ten
- Canwest supportive of strategy but will not participate in placement
  - Post placement shareholding of > 50%



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# Investment Attractions

- Opportunity to obtain an interest in a leading Australian FTA television company at the low point in the advertising cycle
- Capital raising is a proactive initiative by Ten in uncertain times
- Ten is well positioned across all areas of the company
- Capital raising provides a liquidity event for investors



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Q & A



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