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OUR STRATEGY

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# Who we are

**We tell stories. Powerful stories.**

Stories that inform, inspire and entertain.

Stories that are created and curated by our multi-platform portfolio of trusted brands.

Stories that are delivered when, where and how our audiences want.

Stories that engage many millions of Australians every day.

We have secured our twelfth consecutive year of leadership in television, both at a Network and Channel level.

We have secured Australia's number one summer and winter sports for years to come.

We are producing more premium content than at any time in our history.

We are attracting record audiences to our digital platforms.

We are transforming our business, becoming more efficient and more agile.

## OUR BRANDS



**TWO**

**7mate**

**7flix**

**7plus**

**RACING.COM**

**SEVEN  
STUDIOS**

**The West  
Australian**

**Sunday Times**

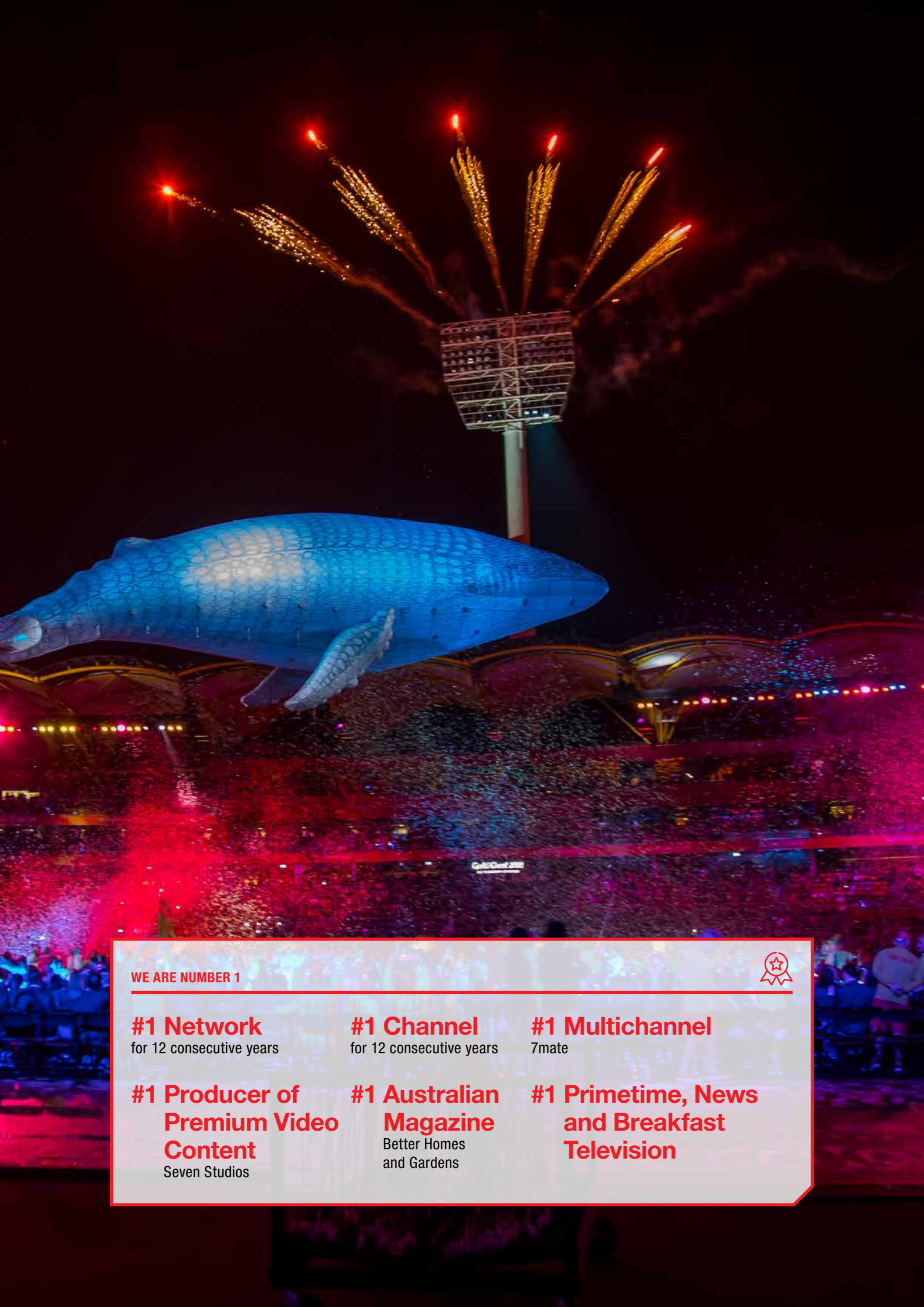
**perth now**

**Pacific magazines**

**SEVEN WEST VENTURES**

**RED WAVE MEDIA**

**Community  
newspaper group**



**WE ARE NUMBER 1**



**#1 Network**

for 12 consecutive years

**#1 Channel**

for 12 consecutive years

**#1 Multichannel**

7mate

**#1 Producer of  
Premium Video  
Content**

Seven Studios

**#1 Australian  
Magazine**

Better Homes  
and Gardens

**#1 Primetime, News  
and Breakfast  
Television**



# Our Strategic Framework and Performance Dashboard

We are implementing three strategic pillars in our long-term growth strategy. Our performance dashboard tracks the accomplishments and progress against our strategic pillars.

## FOCUS ON THE CORE

### STRATEGIC OBJECTIVES

- Improve ratings & revenue performance.
- Grow returns on content investment.
  - Create, secure and curate the best local and international content
  - Maximise the return on our content investment through every window and overseas sale

### MILESTONES ACHIEVED

- Strong broadcast ratings recovery after soft H1.
  - Record breaking 41.6% Jan-Jun commercial FTA share
  - Schedule designed to carry audience momentum into FY19
- Secured #1 winter and #1 summer sport, AFL and Cricket, until 2022 and 2024.
- Increased investment in produced content and digital platforms.

## TRANSFORM THE OPERATING MODEL

### STRATEGIC OBJECTIVES

- Deliver on operating cost saving targets.
- Drive efficiencies in existing assets.
- Partner with competitors in non-competitive areas to improve profitability.
- Evolve to a leaner & more agile operating model while protecting content quality.

### MILESTONES ACHIEVED

- Cost out exceeded target leading to \$21m net cost reduction including 7% headcount reduction.
- Ongoing cost savings initiatives implemented for FY19 realisation.
- Took control of digital content monetisation with Yahoo7 JV exit.
- Entered playout JV with Nine and commenced Sydney office consolidation.

## GROW NEW REVENUE STREAMS

### STRATEGIC OBJECTIVES

- Drive greater digital adoption and yield.
- Introduce new content monetisation formats.
- Invest in data, automation and targeted advertising to maximise inventory yield.
- Invest in adjacent verticals where we can leverage the power of our assets.

### MILESTONES ACHIEVED

- Scaled 7plus to 2.6m monthly average unique audience in just six months.
- Seven's digital advertising revenue up 100% YoY.
- Seven Studios division EBIT grew 8% to \$56.1m.
- Early stage investment portfolio grew 22% YoY.

**We have much  
to look forward to  
in the year ahead**







**Our refreshed programming schedule, the AFL Finals and the launch of Cricket will help us maintain our ratings leadership in what is now a growing advertising market.**

We will maintain our focus on revenue and ratings while delivering on our cost-out targets, resulting in a leaner, more agile, core.

We will continue to invest in our production capabilities, extending our position as Australia's number one producer of premium long-form video, and maximising the return on investment of this content through every window.

We will invest and grow our digital capabilities, driving greater adoption of 7plus and leveraging our data, insights and technology to drive yield across all screens.

We will create new partnerships and expand existing partnerships with our peers in non-competitive business areas.

We will invest in verticals where we can leverage our audience and suite of brands.

And we will strengthen our balance sheet to provide greater flexibility and deliver more value to our shareholders.

# Seven is the new home of Cricket



This year we signed a historic six year agreement with Cricket Australia that sees Australia's only truly national game back on Seven.



In total, we have secured over 400 hours of premium sport across the summer – more than double that of the Australian Open, at a significantly lower cost per hour.

Our coverage will feature the strongest commentary team Australia has ever seen.

Mel McLaughlin and Abbey Gelmi will host Seven's broadcasts, with commentary coming from legends Ricky Ponting, Glenn McGrath, Michael Slater and Damien Fleming.

The globally renowned Alison Mitchell will call ball-by-ball Test action, together with Tim Lane and former South Australia batter James Brayshaw. Ex-Australia Test players Lisa Sthalekar, Jason Gillespie, Greg Blewett, Simon Katich and Brad Hodge will provide expert commentary.

And to cap it off, iconic sports broadcaster Bruce McAvaney will host a lunch-break show during the Melbourne and Sydney Tests.

We will create new viewing habits by producing appointment TV viewing. We have worked with Cricket Australia to make Thursday, Friday and Sunday the key days and nights, with Tests and the Big Bash starting at 7pm. The Summer of 7, on 7, at 7.

This will be the first time that a single FTA network will carry both the BBL and Tests, meaning we can cross-promote and monetise the two most popular forms of cricket in a way never before possible.



We will use the unrivalled marketing power of our News and Entertainment program schedule to drive new audiences to cricket, strengthening our ratings position in rugby league markets, securing premium revenue in off-peak periods, driving bigger engagement and delivering a dominant share of viewing throughout the summer.

It all starts on 29 September 2018, when we broadcast our first match, the Women's T20 against New Zealand, right after the AFL Grand Final.

Together with the AFL, Seven is now the home of Australia's number one summer and winter sports.

With the AFL locked up until 2022, and the Cricket until 2024, this will underpin our transformational business strategy for years to come.

We are looking forward to setting new standards in sports broadcasting, growing our audiences and reaffirming the undeniable power of free-to-air television.

**CRICKET**



**The deal includes:**

- 43 of the 59 Big Bash League matches, including all marquee matches and finals
- All home international tests, including the 2021-22 home Ashes series
- 23 Women's Big Bash League matches, including all the key games and finals
- Women's International One Day International and T20 matches

# Letter from the **Chairman**

Much has been written and spoken about the supposed “demise” of traditional media, however the reality is quite different and companies like ours are adapting quickly to rapidly changing consumer habits in the sector.

Our television stations, magazines, newspapers and digital operations currently reach 19 million Australians every month, with the numbers growing every day.

Locally owned media groups, led by Seven West Media, continue to deliver the local stories, sports and general entertainment programs that Australians value so much.

It is worth noting that every one of the 20 most watched TV shows in Australia last year – 11 being sports events – was locally produced and we expect the same strong performance over the next year.

For advertisers, TV remains the best place to deliver their message and there is increasing evidence that they are returning to us and our competitors on the basis that TV has the biggest reach and delivers the best return on marketing budgets.

Recent industry data shows for every dollar of value advertisers get back from TV, they get about half that from radio, less than a third from print and about a fifth from out of home, online video and online display.

We have seen a lot of publicity over the last year about the dangers presented to society, and advertisers, through some of the world’s biggest, foreign owned, digital platforms.

The privacy of hundreds of millions of users has been egregiously breached by artificial intelligence tools that scan personal posts and other activity, enabling the manipulation of people’s emotions, attitudes and voting by allowing third parties to disseminate fake news.

These platforms do not pay legitimate media companies for quality content and are not subject to the controls and rules we must adhere to, creating an uneven playing field.

Australian commercial TV networks spend around \$2 billion on content each year – 75 per cent of which is on local content – and support over 15,000 jobs while local rules and Code of Practice require us to produce a great deal of local content, present factual information accurately and ensure that viewpoints in our programming are fairly represented.

The current regulatory regime in the television industry is unsustainable in an environment where we are competing for advertising dollars with foreign digital platforms that are almost entirely unregulated.

As more questions and facts emerge about the social media platforms’ misbehaviour and lack of advertising measurement and effectiveness, locally owned television and other traditional media assets are regaining their attraction to both advertisers and consumers.



*Seven is also creating record levels of local content and locking in year round premium sports events in AFL and cricket.*

We have great faith in the future of our market leading assets, while also adapting to the changing viewing habits of consumers by creating a new digital platform that can reach them at any time and on any device.

Seven is also creating record levels of local content and locking in year round premium sports events in AFL and cricket, while maintaining the high standards of regular programs.

On behalf of your directors, I wish to thank all of our people and shareholders for your commitment to the group as we continue to right-size our businesses for future growth.

**Kerry Stokes AC**  
Chairman

SEVEN



**We continue to deliver the local stories, sports and general entertainment programs that Australians value so much**

# Letter from the Managing Director and Chief Executive Officer

Seven West Media has again proven to be Australia's leading multi-media company, with the Seven Network winning its 12th consecutive year.

We were encouraged to see continued growth in the free to air television market throughout the financial year. This has been driven by our industry collaborating through Think TV to promote the effectiveness and return on investment that TV advertising delivers.

This market growth, combined with our strong ratings and cost reduction programs, enabled us to deliver \$236 million EBIT for the 2018 financial year, which was at the upper end of our market guidance of between \$220 million to \$240 million.

## Television

Seven responded to a soft first half of the financial year with a refreshed program schedule for 2018, featuring a combination of new shows, stronger regular programs and a new content deal with 21st Century Fox.

The second half saw Seven produce a series of world-class, top rating TV events with the Australian Open Tennis, Winter Olympics and Gold Coast Commonwealth Games. Altogether our coverage reached 16.2 million people, constituting 65 per cent of the population.

Apart from the major one-off sports events, which also included the Rugby League World Cup, Racing and the AFL continue to attract strong audiences and the WAFL provides further opportunity for growth.

Underpinning these sporting giants, the perennial ratings juggernauts My Kitchen Rules, 7 News, The Good Doctor, House Rules and Sunrise continue to be stand-outs.

The ratings have been remarkable, with Seven breaking numerous records in the first half of the calendar year. Seven has grown share year on year in all key demographics and our suite of multi-channels are dominant, with 7mate also breaking records.

Our focus now is continuing this outstanding run, delivering another year at number one, and monetising our ratings momentum. To complement these staple, premium sports, we announced in April an historic six year deal with Cricket Australia, securing all the home international tests, the vast majority of Big Bash League games, as well as marquee women's matches.

Together with the AFL, this landmark deal means that we now have the number one winter and summer sports locked in until 2022 and 2024 respectively, making Seven the unrivalled home of premium sport across the whole year.

A key component of our transformation is 7plus, our new over-the-top long-form video platform launched during the year. 7plus enables us to deliver quality content to viewers when, where and how they want it. Our focus is to now scale and drive greater monetisation.

## Production

Seven Studios, our production company, is central to our strategy of creating, owning and monetising our own content. Now creating more than 800 hours of premium long-form video each year, Seven Studios is Australia's largest production company by some margin.

During the last year, we took a majority stake in New Zealand production company Great Southern Television, which complements our co-ventures 7Beyond in Los Angeles and Slim in the UK.

## Publishing

The West continues to be the clear leader in the local market, reaching 76 per cent of West Australians every month through news brands The West Australian, The Sunday Times and PerthNow.com.au.

Pacific, which houses leading brands including New Idea, Better Homes and Gardens, marie claire and Who, has maintained its position as Australia's leading lifestyle publisher and has adjusted its business model to meet the changing structure of the magazine market.



*The ratings have been remarkable, with Seven breaking numerous records in the first half of the calendar year.*

### Transformation

We are very mindful of the major changes taking place in the broadcast and digital market and, as announced during the year, have a firm focus on managing our costs prudently and seeking greater operational efficiencies across the group.

As a result, we implemented a headcount reduction program in our television business and have achieved annualised savings of \$25 million.

One key initiative in the cost reduction program is the move of our entire Sydney workforce – with the exception of the news and public affairs team who will stay in our iconic Martin Place offices – to our existing tenancy at Media City in Eveleigh.

In addition, we are outsourcing some activities not crucial to our competitive advantage and we are collaborating with our counterparts to share operating costs and create economies of scale.

The West is also working hard on cost savings and has commenced the first stage of a new cost-out program that will achieve a further \$10 million in savings during FY19, while Pacific has led the way with annual operating costs lowered by \$32 million, with more savings to come.

The net annual result from all of these initiatives was \$21 million for the full year after this year's step up in AFL rights fees, with further net savings targeted in FY19.

Our net debt has reduced from \$726 million to below \$635 million at year end, as we continue our focus on improving our balance sheet flexibility.

The group is mindful of the rapidly changing nature of the markets in which we operate and we are working hard to be match-fit to face what is an exciting future for the Australian media sector.

**Tim Worner**  
Managing Director and  
Chief Executive Officer

# Group Performance

## Key Outcomes

12 years of consecutive ratings leadership



Net debt reduced to

< \$635m

#1 Summer and winter sports on the screens of 7 through to 2022

8% earnings growth in Seven Studios

41.6%

FTA record Jan-Jun Commercial Ratings Share

100%

Seven's Digital Advertising Revenue Growth

175%

Pacific EBIT growth

\$61m

Total Group cost savings from transformation (\$21m net savings)

76% The West's reach in Western Australia

\$142.5m

Underlying net Group Profit after tax



## Summary of Financial Performance

	FY18 \$m	FY17 \$m	Change % <sup>3</sup>
Revenue	1,620.7	1,673.6	-3.2%
Other income	0.4	5.4	-91.8%
Share of net profit of equity accounted investees	1.7	0.4	nm <sup>4</sup>
Revenue, other income and equity accounted profits	1,622.8	1,679.4	-3.4%
Operating expenses excluding depreciation and amortisation	(1,351.9)	(1,372.7)	-1.5%
<b>EBITDA<sup>1</sup></b>	<b>270.9</b>	<b>306.7</b>	<b>-11.7%</b>
Depreciation and amortisation	(35.3)	(45.3)	-22.1%
<b>EBIT<sup>2</sup></b>	<b>235.6</b>	<b>261.4</b>	<b>-9.9%</b>
Net finance costs	(35.3)	(38.6)	-8.4%
<b>Profit before significant items and tax</b>	<b>200.3</b>	<b>222.8</b>	<b>-10.1%</b>
Significant items excluding tax	(8.5)	(988.8)	nm
<b>Profit (loss) before tax</b>	<b>191.8</b>	<b>(766.0)</b>	<b>nm</b>
Tax (expense) benefit	(56.9)	21.0	nm
<b>Profit (loss) after tax</b>	<b>134.9</b>	<b>(745.0)</b>	<b>nm</b>
EBITDA margin	16.7%	18.3%	
Basic EPS	8.9 cents	(49.5 cents)	
Basic EPS excluding significant items net of tax	9.4 cents	11.0 cents	
Diluted EPS	8.9 cents	(49.5 cents)	
Diluted EPS excluding significant items net of tax	9.4 cents	11.0 cents	

(1) EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.

(2) EBIT relates to profit before significant items, net finance costs and tax.

(3) Change percentages are calculated on whole dollars and not the rounded amounts presented.

(4) "nm" means "not meaningful".

## Reconciliation of EBIT to statutory profit before tax

	FY18 \$m	FY17 \$m	Change %
<b>EBIT</b>	<b>235.6</b>	<b>261.4</b>	<b>-9.9%</b>
Net finance costs	(35.3)	(38.6)	-8.4%
Significant items excluding tax	(8.5)	(988.8)	nm
<b>Profit (loss) before tax</b>	<b>191.8</b>	<b>(766.0)</b>	<b>nm</b>

# Review of Operations Group



Seven West Media Limited reported a statutory net profit of \$191.8 million for the year ended 30 June 2018. This compares to the previous corresponding year statutory net loss of \$766.0 million. Excluding significant items, the current year profit after tax of \$142.5 million is down 14.6 per cent on the previous year profit of \$166.8 million.

Seven West Media recorded significant items of \$8.5 million in the period, including write down of assets held for sale, restructuring costs, net gain on other assets and net gain on disposal of investments and controlled entities.

The group delivered revenue of \$1,622.8 million, down 3.4 per cent versus the previous year. Profit before significant items, net finance costs and tax (EBIT) of \$235.6 million was down 9.9 per cent on the previous year. The dividend has been temporarily suspended with a focus on prudent capital management and balance sheet flexibility post relaxation in media ownership legislation.

### Advertising Market and Revenue Performance

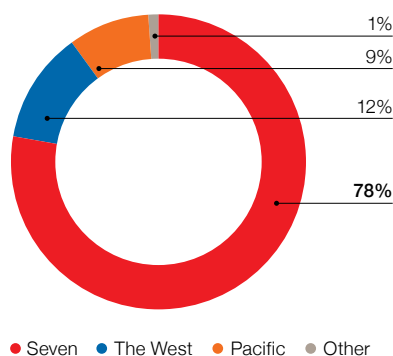
SMI data reported that the Australian advertising market grew by 4 per cent in the financial year compared to the previous year.

Metropolitan television advertising increased 2.5 per cent to \$2.86 billion in the financial year based on KPMG Think TV data. Led by Seven, growth accelerated in the second half to 3.8 per cent. Think TV also reported that mass consumer uptake of Broadcast Video on Demand (BVOD) has pushed advertising revenues from online catch-up and live TV streaming to \$92.8 million, up 32.4 per cent YoY.

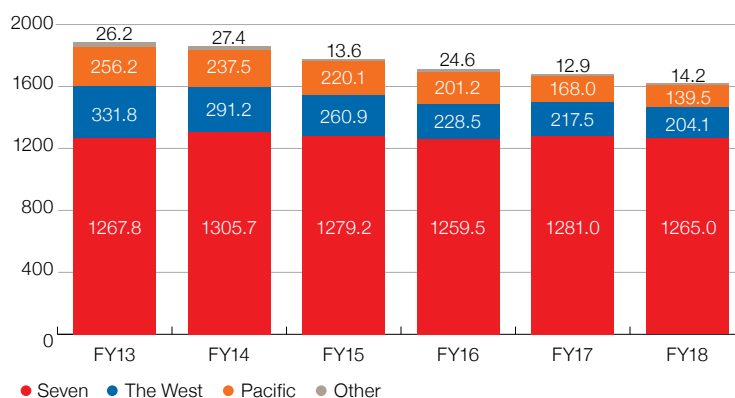
As in the television market, the BVOD market accelerated in the second half, growing by 40.5 per cent versus the prior comparable period. Seven reported a 38.4 per cent BVOD share among commercial FTA networks for the calendar year and a 42.1 per cent BVOD share for the second half.

The digital advertising market in Australia maintained its strong growth, with SMI data showing 11.3 per cent growth against the prior year. As in the television market, Seven outperformed the market, with the launch of 7plus leading to 100 per cent digital advertising revenue growth YoY.

Percentage of Revenue



Revenue (\$m)



Revenues shown in charts above exclude Corporate revenues.



## Metropolitan television advertising increased 2.5 per cent.

Challenging trends in publishing advertising continued; however The West Australian Newspapers delivered above market revenue trends due to growth in digital. Pacific continued its portfolio transformation which impacted revenue in the first half. In the second half Pacific outperformed as the restructured business benefited from having its strategy aligned across digital and print and accelerated revenue growth in non-SMI categories.

Digital now represents approximately 27 per cent of all Pacific advertising revenue, and Pacific commands a 24.5 per cent share of all agency spend in the category, up 4.2 per cent in the year to May 2018.

### Cost Management

Excluding significant items, total Group costs, including depreciation and amortisation, reduced \$30.8 million representing a 2.2 per cent decrease year on year. The West and Pacific recorded cost reductions of 4.4 per cent and 21 per cent respectively.

### EBITDA and Operating Margins

Seven West Media delivered EBITDA of \$270.9 million, 11.7 per cent lower than the prior year with an EBITDA margin of 16.7 per cent. Market leading EBITDA margins were retained through Seven's EBITDA margin of 18.9 per cent and The West's EBITDA margin of 15.4 per cent. Pacific's EBITDA margin was 7.1 per cent. Seven's EBITDA, which includes its production business, now accounts for 84 per cent of total group EBITDA.

### Balance Sheet

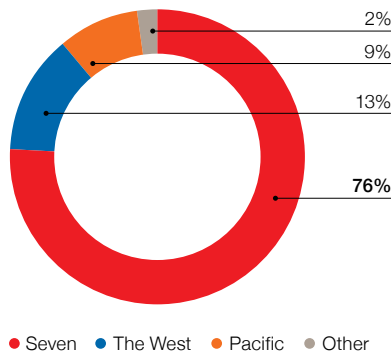
At 30 June 2018 Seven West Media had net assets of \$528.3 million.

Group net debt at the end of the year was \$634.5 million and the debt leverage ratio was 2.3x (Dec 2017: 2.3x).

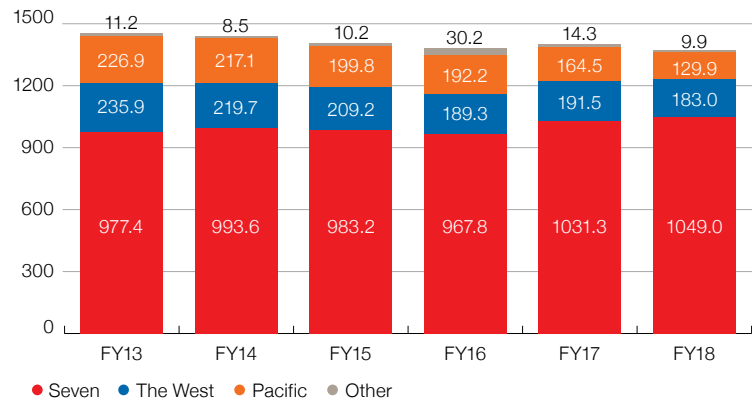




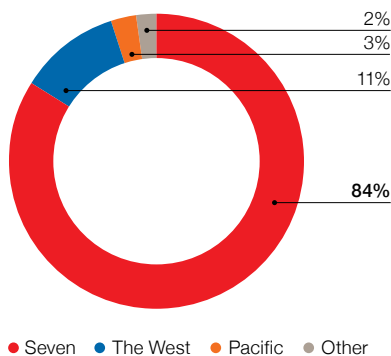
Percentage of Operating Costs



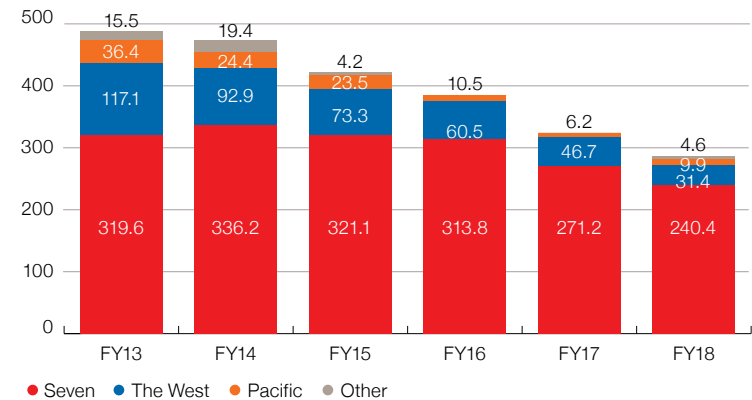
Operating Costs (\$m)



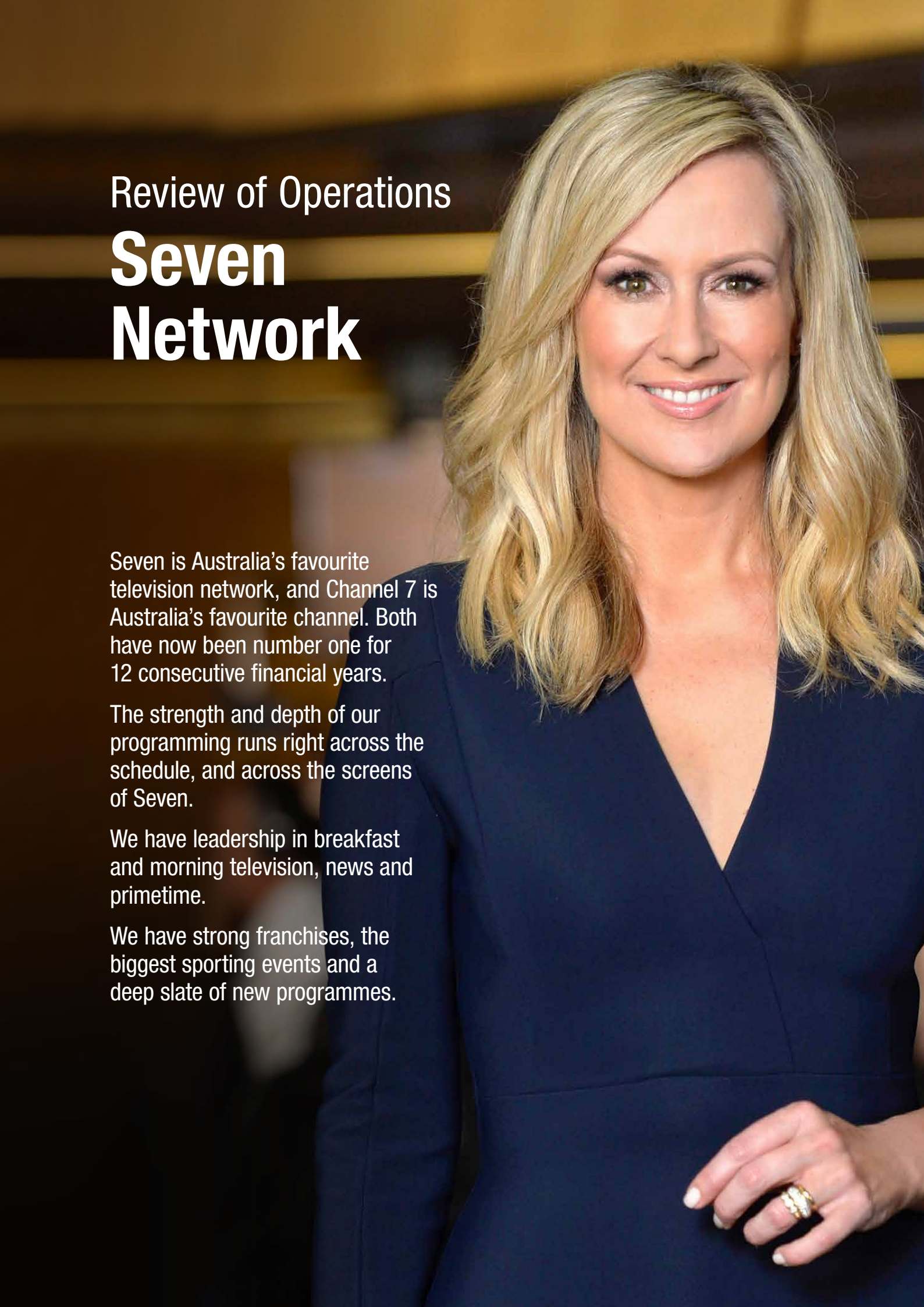
Percentage of Total EBITDA



EBITDA (\$m)



All costs shown in charts above exclude the impact of significant items and Corporate costs.



# Review of Operations **Seven Network**

Seven is Australia's favourite television network, and Channel 7 is Australia's favourite channel. Both have now been number one for 12 consecutive financial years.

The strength and depth of our programming runs right across the schedule, and across the screens of Seven.

We have leadership in breakfast and morning television, news and primetime.

We have strong franchises, the biggest sporting events and a deep slate of new programmes.

Throughout the year, Seven continued its investment in creating and securing the best local and global content and produced a record amount of premium long-form video.

At the same time, we continued the transformation of the business, accelerating our cost-out programs, expanding and enhancing our digital and data capabilities and driving radical change of the operating model.

Seven continues to be Australia's number one television destination, winning for a twelfth consecutive year, with 39.6 per cent commercial ratings share for FY18.

After a soft first half, our re-energised schedule propelled our suite of TV channels to set records in the second half of the financial year, and secured the leading commercial share of the metro TV advertising market (39.9 per cent).

We began with the Australian Open Tennis, and quickly rolled into the Winter Olympics, both of which delivered record audiences.

We used these as platforms to launch our 2018 first half schedule, which includes perennial juggernauts My Kitchen Rules, House Rules, Australia's #1 show The Good Doctor and the AFL season.

And then we had the Gold Coast 2018 Commonwealth Games which dominated the ratings for 10 days and nights, and delivered huge audiences to our News programming, particularly bolstering performance on the east coast.

We also signed a content deal with 21st Century Fox, bringing us a mix of iconic and proven series. Shows like The Simpsons and M\*A\*S\*H complement the best of new programming, including new Modern Family and 9-1-1.

Underpinning this we have Australia's #1 news coverage and Australia's #1 breakfast show, Sunrise. 7 News has had a strong start to 2018, growing share of the flagship 6pm show both during the week and at weekends, and improving our position on the east coast.

In the second half of 2018, Dance Boss and Take Me Out join Little Big Shots, Instant Hotel and The Good Doctor in Seven's strengthened program schedule. And we'll be launching All Together Now, a local take on a new reality singing competition format, produced by EndemolShine. In the UK, the show has already been recommissioned for a second series.

And then we head into the Summer of 7, and an unprecedented showcase of Men's and Women's Cricket.

After a soft first half, Seven's revenue in the financial year decreased 1.2 per cent. However, record breaking second half ratings delivered 10 per cent revenue growth versus the same period last year. This growth represents significant outperformance of the market, which was up 3.8 per cent in the second half.

Due to the uplift in AFL rights and licence fees, total costs increased by 1.7 per cent, though were offset at the Group level by the coordinated transformation program. Seven's EBITDA of \$240.4 million was delivered at an 18.9 per cent margin. EBIT (Profit before significant items, net finance costs and tax) decreased 13.5 per cent to \$216.0 million. This represents 86 per cent of group EBIT, excluding corporate costs.

*We also signed a content deal with 21st Century Fox, bringing us a mix of iconic and proven series.*



## Channel performance

Our revitalised schedule has resonated deeply with Australians.

After 20 weeks of the 2018 ratings year– the half way mark – we have delivered outstanding results right across our suite of channels.

Even excluding the Commonwealth Games, as is traditional practice, we are dominating the ratings:

**SEVEN NETWORK** 

**#1 Network in total people**  
and all key demographics


**Grown its share**  
of all key demographics compared to last year

**Achieved the highest commercial ratings share**  
in history


**Highest ever commercial share**  
in every key demographic




- 7 is the **#1 channel** in total people.
- 7 is the **#1 channel** in all key demographics.
- 7 has **grown its YoY share** of all key demographics.

 **TWO**

- 7TWO is the **#1 FTA multi-channel** in its target audience of People over 35.
- 7TWO is the **#2 FTA multi-channel** in Total People.
- 7TWO has **increased its audience by around +4% YoY** in Total People, P35+.



- 7mate is the **#1 FTA multi-channel** and leads the 16–39, 18–49, 25–54 and men 16–54 demographics.
- 7mate has grown its **YoY audiences across all these targets** and has its **highest ever shares for Total People, People 25–54 and Men 16–54.**



- 7flix has maintained a similar audience share YoY in its target audience of Women 16–54, while increasing its share in People 25–54 and Men 16–54.
- 7flix is the **4th ranked multi-channel** in every key demographic.





## Sport

This financial year, Seven secured the key Australian Cricket broadcast rights through to 2024. Combined with the AFL, Seven now has the dominant summer and winter sports, providing long-term audience certainty for the network.

Over the course of the year, Seven affirmed its position as the premier producers of sports content in Australia, delivering a series of record-breaking sporting events.

### Rugby League World Cup 2017

- Seven's 2017 broadcast reached 9.9 million viewers nationally and delivered 13.3 million live streaming minutes.
- The Great Britain vs. Australia opening match last October delivered an average combined (metro and regional) viewers of 1.47 million and the Grand Final match reached 3.8 million viewers nationally and delivered a tournament high for online streaming with a million live streaming minutes viewed.



### Australian Open 2018

- Australian Open 2018 reached over 14 million viewers nationally (56% of Australian population), with the Men's Finals reaching 6.7 million viewers nationally.
- Online viewing during Australian Open 2018 surpassed 2017 performance with 94.2 million online live streaming minutes.
- Seven was the number one Network every night during the 14 days of the tournament, with Day 14 delivering a 41.7% Metro Free-To-Air Share in primetime.



### PyeongChang 2018 Winter Olympic Games

- Seven rated number one during the 17 days of the Winter Olympics in every market and every key demographic.
- Millions of Aussies enjoyed the Winter Olympics across many screens of Seven, with 16 million viewers reached, 103.8 million total minutes live streamed and 4.5 million cumulative reach on 7Olympics Social.



### 2018 Gold Coast Commonwealth Games

- Seven won every market, every day across every key demographic.
- We reached 16.2 million viewers nationally with 160.4 million online live streaming minutes viewed.
- The Opening Ceremony was watched by 2.8 million combined viewers, recording the biggest Opening Ceremony in over a decade.



Performance of the business

# Seven Studios

A key area of strategic focus for Seven is the Seven Studios content division, creating and distributing content in Australia and around the globe.





This year the group created and produced more than 1000 hours of premium television from bases in Sydney, Los Angeles, Auckland and London across all genres. Our content has sold into 190 countries across the globe. Major projects included My Kitchen Rules, Border Security, House Rules and Home and Away, which is currently celebrating its 30th Anniversary.

In the past year, Israel and Georgia became the latest territories to produce local versions of My Kitchen Rules, joining Canada, Lithuania, Serbia, UK, South Africa, USA, Belgium, Denmark, Norway and New Zealand, which has now aired three series. The show is now seen in more than 160 countries.

Seven Studios now has deals with numerous global TV giants including the BBC, ITV, Netflix, Discovery and Fox, and locally with Foxtel, which commissioned a sixth series of A Place Called Home.

In 2017, Seven Studios acquired a majority ownership of Great Southern Television in Auckland to further complement the growing revenue stream from the division's activities.

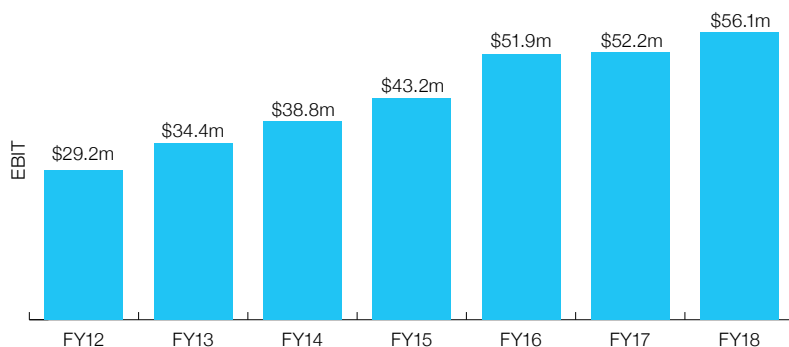
Having showing compound annual EBIT growth of 11.5 per cent since FY12, Seven Studios is now delivering sustained earnings growth, underpinned with annuity income streams from life of series deals. Seven Studios is looking forward to a seventh consecutive year of EBIT growth in FY19 and further expansion of our capabilities in this area.

**SEVEN NETWORK**

**My Kitchen Rules**  
is seen in more than 160 countries

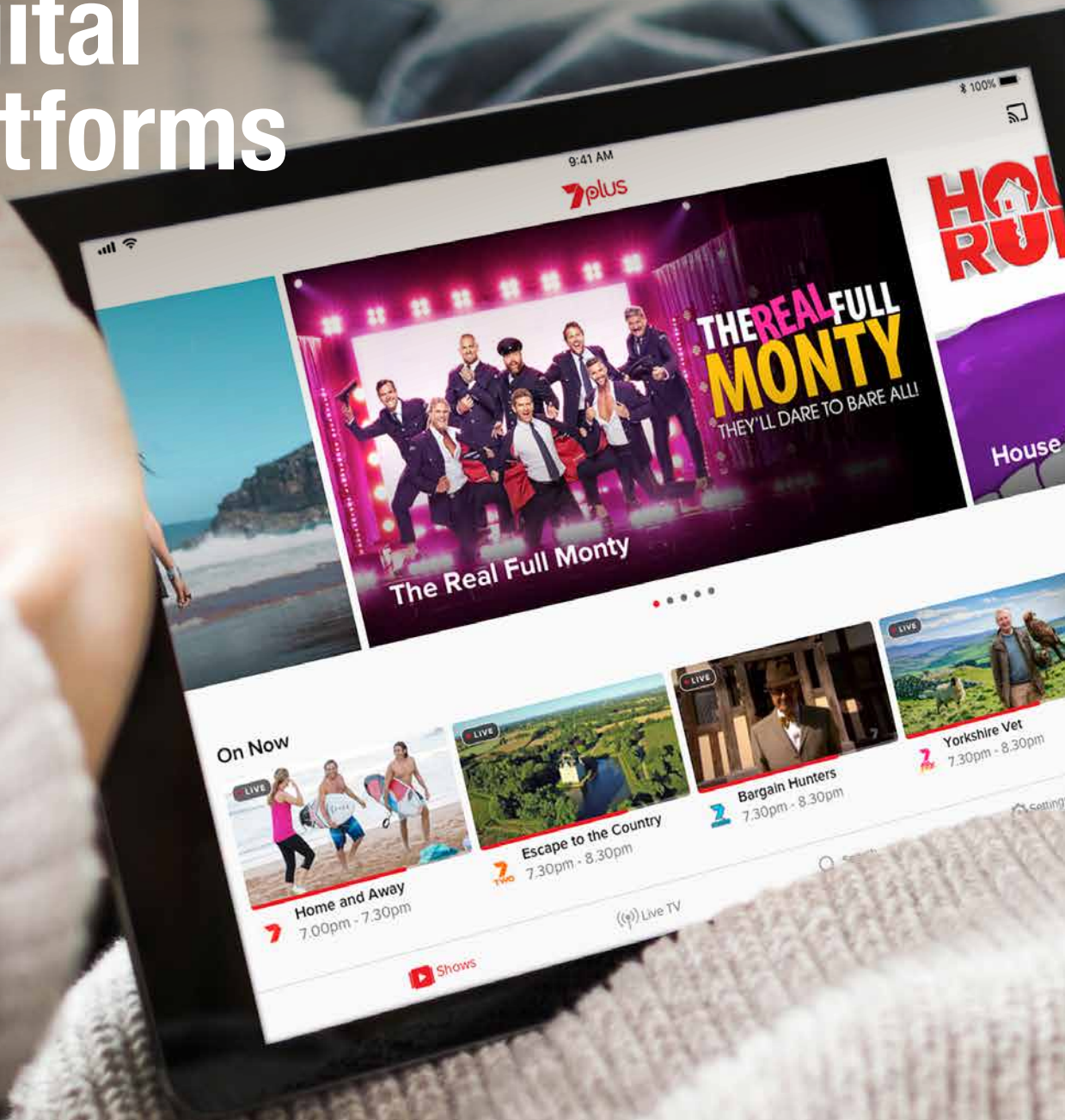
**Compound annual EBIT growth of 11.5%**  
since FY12





Performance of the business

# Digital Platforms



At the end of 2017, Seven launched its over-the-top (OTT) long-form video platform 7plus, a critical milestone in the company's strategy to deliver its content to viewers when, where and how they want it.

The launch was part of Seven's direct-to-consumer strategy to fully control its digital content. Previously housed within Yahoo7, over the past two years Seven has regained full control of Premium Sports, Pacific's and The West's content, and its own long-form video.

Seven announced its intention to sell its 50 per cent stake in Yahoo7 to joint venture partner Oath. The return of all of Seven's short form content early next year will mark the launch of new digital products for 7 News, Sunrise, The Morning Show, Sunday Night and 7Sport early next year.

Seven's OTT audience is now 2.6 million monthly average unique audience, driven by the 7plus platform, and Seven has achieved 42.1 per cent revenue share of the BVOD market since the launch of 7plus.

7plus is now available through every major technology, including web, mobile apps, Chromecast, Android TV, Telstra TV, Fetch, Samsung, PlayStation and Apple TV, and has a product and content roadmap to deliver material enhancements.

2018 has seen 7plus deliver record-breaking streaming numbers, most notably during our major sporting events. During the 2018 Gold Coast Commonwealth Games, 160.4 million online live streaming minutes were viewed. At the half-way point of the 2018 calendar ratings year, Seven is the number one free-to-air for live streaming.

In addition to Seven's own created programs, it is commissioning and acquiring exclusive content for the platform. Seven has struck deals with the world's best studios, including Fox and the BBC, so that 7plus now houses over 6,000 show episodes.

At the same time Seven is significantly improving its digital audience targeting capabilities, unifying its audience insights and data analytics across Seven, Pacific and The West, and signing third-party partnerships to further accelerate audience insights.

These partnerships combined with Seven's unique Addressable TV capability, Premium video content, logged in user insight and programmatic audience capability creates a powerful platform to connect with targeted audiences at scale.

The opportunity is significant, with 7plus set to capitalise on a rapidly growing BVOD market.



Performance of the business

# The West





The West has performed well in the context of challenging economic conditions in Western Australia and structural changes in print advertising. Local market conditions continue to be difficult, particularly for retailers, resulting in a very short advertising market. Although this year has been challenging, WA's economic outlook is showing early signs of improvement.

Significant management change has taken place during the year, with the commencement of a new CEO, Revenue Director & Chief Marketing Officer. With this change is a strategic momentum to tackle the structural challenges facing the traditional print media.

The West also has new commercial revenue initiatives underway to further utilise existing business assets. The business will continue to reduce its cost base in the coming year and implement efficiencies through automation, process improvement and greater asset utilisation.

The West is a leading digital publisher in WA with 1.3 million Unique Audience per month, up 120 per cent this year, and digital

revenue up 12 per cent this year. The relaunch of the PerthNow website in November 2017 is expected to generate continued growth in premium authenticated users.

The West revenue declined 6.1 per cent to \$204.1 million while EBIT fell 19.0 per cent to \$21.1 million. The business has maintained market leading operating margins despite current revenue trends with an EBITDA margin of 15.4 per cent achieved during the financial year. Operating costs increased 1.1 per cent in the period due to the current year including a full twelve months of costs for The Sunday Times and PerthNow, which was acquired in November 2016.

**The West Australian**

**THE WEST**

**12% increase**  
in digital revenue

**1.3m Unique Audience**  
per month

Performance of the business

# Pacific







Pacific has optimised the performance of its traditional magazine business to drive EBIT improvement, while at the same time accelerating its digital growth to establish a clear position as Australia's best performing publisher, securing a 26 per cent share from just 12 titles.

Home to some of the country's best-known brands and a focus on efficiency across four key areas – Product, People, Process and Partnerships – has helped Pacific counter the headwinds that have hit the print industry.

The company's cost-out program has delivered \$32.2 million in savings through the period, and it is these reductions that have helped fuel profit growth of 175 per cent this year. Pacific's full-year EBIT finished at \$9.6 million, from \$3.5 million in FY17, with operating expenses down 20 per cent to \$129.6 million.

At the same time, Pacific has invested in developing the publishing systems which have seen content output and quality increase across all channels, while costs have declined.

On the digital side of the business, the integration of print and online content teams, with the capacity to fuel scale by publishing across key categories, has driven an audience increase of 23 per cent (Nielsen DRM). Just two years after assuming

control of its digital assets, Pacific is now Australia's number one women's digital network.

This audience growth has been matched by digital revenue gains, with spending across Pacific's brand sites also up 26.8 per cent. As a result of these increases, digital now represents approximately 27 per cent of all advertising revenue, and Pacific commands a 24.5 per cent share of all agency spend in the category, up 4.2 per cent in the year to May 2018.

In print, Pacific achieved two periods of readership growth throughout the year to maintain its place as Australia's best-performing magazine publisher. The company has a 26 per cent share of all readership, despite having just 12 measured titles. Pacific holds the leadership position in key readership categories, including Home & Lifestyle, Women's Fashion, Men's Lifestyle and Teens (emma™ conducted by Ipsos MediaCT, 12 months ending March 2018, People 14+).

This performance has not, however, protected Pacific against prevailing print advertising trends, with the market continuing to decline. While Pacific remains the country's number one publisher on a revenue-per-title basis, print advertising revenue was down in the period – accelerated through some title closures.

With a restructured business and realigned cost base, Pacific will continue to execute its strategy into FY19. Cost management will remain a focus, targeting a further reduction, as will the diversification opportunities that have driven new audience and revenues.

Direct-to-consumer revenues through e-commerce, online subscriptions and training platforms have all extended the footprint of the brands, and seen non-traditional revenue become a growth area and key part of the future plan. This has also ensured that the portfolio cemented its ownership of the key strategic categories in which it operates.

## Performance of the business

# Other Businesses & New Ventures



Other Business & New Ventures assets include:

- equity accounted investments in associates including Yahoo7\*;
- regional radio licences in Western Australia as well as West Events.

### New Ventures

Seven West Ventures holds a number of early stage investments where we leverage the power of our assets to unlock maximum growth potential and drive long-term value creation. The portfolio is focused on disruptive, scalable businesses with a strong consumer or media proposition.

Over the last twelve months the value of our portfolio, which includes investments in Airtasker, Health Engine, SocietyOne, and Starts at 60, has grown by 22 per cent.

### Yahoo7

In March, Seven West Media announced its intention to sell its 50 per cent stake in Yahoo7 to Oath. The transaction is expected to be completed by October 2018 with new owned and operated digital products for 7 News, Sunrise, The Morning Show, Sunday Night and 7Sport to be re-launched early next year.

\*until reclassified to Asset Held for Sale (refer note 7.4 in the financial statements)

### OTHER

**Our portfolio has grown by 22%**

**New digital products**

for 7 News, Sunrise, The Morning Show, Sunday Night and 7Sport

# Corporate Social Responsibility

# Risk, Environment & People

## Risk Management

Seven West Media maintains sound risk management systems in order to protect and enhance shareholder value. The Board acknowledges that the management of business risk is an integral part of the Company's operations and that a sound risk management framework not only helps to protect established value, it can also assist in identifying and capitalising on opportunities to create value. The table below sets out the key risks (in no particular order) which could impact achievement of the Company's strategic objectives. These risks are actively monitored under our risk management framework and there are processes in place to manage each of them, to the extent possible. For more information on the Company's risk management framework refer to pages 54 to 56 of the Corporate Governance Statement of this Annual Report.

## Risk Management Framework

### Revenue



- Structural change
- Regulatory change

### Content/Product



- Competition for key program rights

### Technology



- Strategy execution
- Compliance with legislation

### People



- Talent attraction and retention
- Industrial relations

## Environment

### Sustainability

Seven West Media monitors and measures the effectiveness of sustainable business practices across our businesses and sets internal targets to measure the impact of the inputs and outputs of our business activities on the communities and natural systems in which we operate. These include:

- The Group's magazine and newspaper businesses have internal controls in place to ensure that the paper we use is from sustainable sources and not from illegally logged timber.
- Pacific purchases all virgin fibre paper as PEFC C-o-C or FFC certified which assures that forests are managed in accordance with stringent environmental, social and economic requirements.
- In FY17 99.5 per cent of newsprint used for The West Australian and The Sunday Times came from recycled consumer product and the remaining 0.5 per cent was sourced from certified plantation forests.
- The West Australian and The Sunday Times printed waste measure is < 5 per cent per year and all waste was recycled.
- In our press, waste ink is collected and reprocessed, aluminium plates used during the printing process are recycled and plant waste water is processed and used for reticulation on site.
- The roll out of general co-mingled recycling bins has continued across the Seven West Media sites with the Media City site in Sydney the latest to separate recycling from landfill.
- Greenhouse gas emission reporting is completed by 31 October each year for the prior Financial Year. For FY17:
  - Seven West Media recorded a reduction in greenhouse gas emissions (Scope 1) by 10.3 per cent between FY16 and FY17 mainly through outsourcing of helicopter operations and reduction in transport usage.
  - Seven West Media has reduced other greenhouse gas emissions (Scope 2) by 3.5 per cent between FY16 and FY17.

- For the fifth consecutive year Seven West Media has reduced greenhouse gas emissions (Scope 1 + 2) a total reduction of 20.5 per cent from FY13 (41,296 tCO<sub>2</sub>e) to FY17 (32,801 tCO<sub>2</sub>e).
- With Overall Net Energy of 194 TJ, Seven West Media has dropped below the 200 TJ of Overall Net Energy corporate reporting threshold and with further building consolidations to be completed shall remain that way for at least the next three years. Seven West Media therefore has applied for deregistration from the scheme.
- Seven West Media is actively reviewing its property portfolio with the aim to consolidate and optimise usage of space. By December 2018, Seven will have vacated its Pyrmont offices (~6,500m<sup>2</sup>) and relocated to an existing leasehold at its Media City office located in Eveleigh. The increase in staff numbers has been achieved by optimising the use of all floors in this Green Star 4 Star rated office.
- Overall Net Energy (Consumed minus Produced) across our entire business has reduced by 4 per cent between FY16 and FY17 whilst maintaining the same operating conditions. Since FY13, Overall Net Energy has fallen 13.9 per cent.
- FY18 saw Seven West Media donate or recycle 95 per cent of electronic IT assets through certified eCycling companies which reduces landfill by encouraging reuse and recycling of equipment. All three suppliers are certified to AS/NZS 5377:2013.

## People

At Seven West Media, the commitment, passion and creativity of our people underpin who we are and what we do. Seven West Media understands that our people ensure our success and therefore promotes workplaces that are safe, flexible, inclusive and that foster creativity.

Seven West Media is focused on attracting and retaining the best employees and to track its progress, Seven West Media participates in bi-annual employee engagement surveys which provide key insight into employee engagement and satisfaction, culture, leadership, teamwork as well as reward and recognition.

Development of our people is one of our most important priorities to achieving our strategic objectives. Along with launching a refreshed annual performance and development framework which is underpinned by regular and meaningful conversations between managers and employees, this year Seven West Media has also implemented external and internal mentoring programs to provide emerging leaders and all staff opportunity to engage with an experienced mentor to guide them on their personal and professional journey.

Seven West Media continues to support and encourage employees to contribute to worthy causes through its Workplace Giving program. Whether it is helping find a cure for disease, saving the environment or supporting people in crisis, Seven West Media encourages employees to work together as a business to help make an impact.

Seven West Media also continues to encourage its employees to make a difference through providing opportunities to participate in community fundraisers. An example of this has been the Perth Telethon which raised \$36.4 million towards child health research, as well as much needed medical equipment, resources and critical services for the children of Western Australia.

## Safety and Security

Providing a healthy and safe environment is also paramount to its people and culture priorities. Seven West Media is committed to building a positive health and safety culture, with a focus on personal wellness, injury prevention and the mitigation of risk. With a comprehensive mental health framework, strong risk management processes and engaging wellness initiatives, the business continues to strive to lead in safety. With the prevalence of mental health disorders in society generally, we have taken an active focus in building awareness and support for managing mental health in the workplace. Training has been tailored for managers and workers and will be delivered in a range of modalities. Further, the Company supports staff during overseas deployments wherever they might be, from war zone reporting in the Middle East to the PyeongChang 2018 Olympic Winter Games in South Korea.

## Diversity Policy

The Company recognises the benefits of an inclusive and respectful workplace culture that draws on the experiences and perspectives of all employees and directors.

### *Diversity Commitments and Initiatives*

During FY18, the Board reviewed the Company's Diversity Policy and included additional content that:

- Articulates the corporate benefits of diversity in a competitive labour market and the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent.
- Expresses the Company's commitment to diversity at all levels.

- Recognises that diversity not only includes gender diversity but also includes matters of age, disability, cultural background, marital or family status, and other personal factors.
- Emphasises that to have a properly functioning diverse workplace, discrimination, harassment, vilification and victimisation will not be tolerated.
- Ensures that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates.
- Identifies and implements programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees that will over time prepare them for senior management and board positions.
- Recognises that employees (female and male) at all levels may have domestic responsibilities and adopt flexible work practices that will assist them to meet those responsibilities.
- Introduces key performance indicators for senior executives to measure the achievement of diversity objectives and link part of their remuneration (as part of the balanced scorecard approach) to the achievement of those objectives.

During the year, the Company have also been at the forefront of supporting diversity within the media industry and across the broader community, such as:

- Women In Media – The Company sponsored the inaugural Women In Media conference in October 2017. This not-for-profit organisation supports equity, the importance of mentoring, and the power of networking for women in media.
- International Women's Day – The Company was involved in several IWD initiatives around the country to help accelerate gender parity.

In FY19, the Company proposes to carry forward the diversity initiatives from previous years, continuing the focus in four key areas:

- Career development and performance (CDP);
- Flexible work practices (FWP);
- Gender diversity (GD); and
- Talent and succession planning (TSP).

#### Measurable Objectives

Unless otherwise stated, for the purpose of this section of the report, employee numbers and statistics have been calculated based on employees who were paid in the final pay periods of June 2018.

Measurable objective	Link to Diversity Policy			
	CDP	FWP	GD	TSP
Report on initiatives that facilitate diversity and promote growth for the Company and for all employees	■	■	■	
Annual succession planning to consider diversity initiatives				■
Determine and report on employee turnover by age and gender and parental leave return rates			■	■
Determine and report on the proportion of women in the Company, in senior executive positions, and on the Board			■	

#### Proportion of women

Group	Number of women	Total number of employees/officers	Proportion of women
In the Company	2,328	4,528	51%
Key Management Personnel executives (as set out in section 2 of the remuneration report)	1	6	17%
In senior executive positions	36	63	57%
On the Board	1	10	10%

"Senior executive positions" refer to senior management positions which are levels one and two below the Managing Director & Chief Executive Officer.

*Initiatives that Facilitate Diversity and Promote Growth for the Company and for all Employees*

**Gender Diversity**

During FY18, the Company has reviewed key HR Policies to ensure compliance with employment, workplace health and safety, and other related legislation, with the intent to create a workplace where:

- It can be assured that legal requirements are being met.
- Best practices that are appropriate to the Company, are formally documented and implemented, and are accessible to employees.
- Management decisions and actions are consistent, uniform and predictable.
- Employees and the Company are protected from the pressures of expediency.
- The Company's values are promoted.

**Career Development & Performance**

The Company has established policies to support strategies in the following areas:

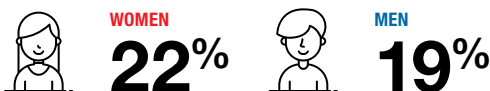
- *Attraction and Recruitment:* Ensuring appropriate selection criteria based on diverse skills, experience and perspectives are used when recruiting new staff, including Board members. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination.
- *Retention:* Ensuring effective retention and engagement strategies are in place Company-wide with the aim to decrease unwanted employee turnover. Initiatives include: onboarding and orientation; mentorship programs; competitive remuneration, recognition, and other reward processes; work-life balance; training and development; communication and feedback; dealing with change; fostering teamwork; and team celebrations.

- *Performance Management:* Ensuring that employees have a clear understanding of the work expected from them, receive ongoing feedback regarding how they are performing relative to expectations, distribute rewards accordingly, identify development opportunities, and address performance that does not meet expectations. The process empowers all employees to have greater input into their personal career progression and enables managers to identify, recognise, and reward individuals based upon an agreed set of objectives.
- *Remuneration:* Ensuring the Company provides fair, equitable competitive remuneration to employees, and supports our work culture. We completed a pay gap analysis to understand our overall pay gap and to inform us of imbalance between men and women, not just in leadership and higher-paying roles, but at all levels across the Company. The Company's policy revisions aim to 'future proof' the document in terms of remuneration design and delivery, and keep in line with emerging best practice and stakeholder expectations. Remuneration is not just the direct amount of money paid to an employee. It also involves non-financial rewards and benefits.
- *Learning and Development:* The Company has established a set of initiatives to ensure that every employee's development needs are reviewed at least annually and plans established to address any gaps. During the development of the annual budget, consideration is given to including appropriate resources to fund employee development. These initiatives include:
  - Launch and deliver an all-employee mentoring program;
  - Define a mentor/ leadership program for 30 senior leaders; and
  - Launch a skills-sharing program and platform.

**Employee Turnover by Gender and Age Statistics**

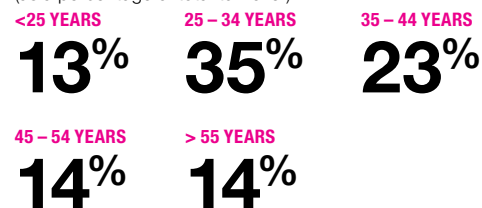
*Employee Turnover by Gender*

(as a percentage of total women and as a percentage of total men)



*Employee turnover by age*

(as a percentage of total turnover)



### Flexible Work Practices

The Company has continued to refine its flexible work practices by implementing arrangements that assist employees (both men and women) to balance work with family, carer or other responsibilities and providing a formal policy that support this initiative. In turn, it also ensures that the Company provides a safe work environment; one that is free from harassment, discrimination and victimisation, and promotes an inclusive workplace.

### Talent & Succession Planning

Talent and succession planning continue to be critical components of annual reviews at an executive and senior executive level. This planning enables the Company to plan for the succession of critical positions and to ensure critical talent in the business is identified and the required development opportunities are outlined and addressed. Diversity criteria is considered in the context of talent and succession planning

processes, where decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs and be determined on skill and merit.

The Company has posted its Workplace Gender Equality Act Public Report for 2017-2018 on its website, which contains the Company's Gender Equality Indicators.



### The Future of Television



Seven West Media is a founding stakeholder of the independent industry research and marketing group, Think TV.

Think TV leads a collective effort from television broadcasters across Seven Network, Nine, Network Ten and Multi-Channel Network/Foxtel to demonstrate how television advertising in broadcast quality content environments remains profoundly effective and the clear leader among all media channels in terms of advertising impact, viewability and return on investment ("ROI"). Think TV is a research and marketing initiative of Australia's leading commercial television broadcasters focused on helping the advertising and marketing community

get the best out of multi-platform television, by innovating to make television inventory easier to buy and emphasising the measurable reach and quality of emotional engagement of the medium which is essential for building brands and connecting with target audiences. Think TV's new initiatives in FY18 included publication of new globally recognised research on television advertising ROI and the announcement of a proposed new television industry trading portal as part of the industry's enablement of advanced television advertising solutions.

# Seven in the Community

We are proud of the role we play every day in the lives of Australians, informing, inspiring and entertaining the many millions that engage with our content on our broadcast, OTT, digital and print platforms.

We recognise that we are responsible not just for the economic consequences of our activities, but also for the social and environmental implications. Each of our divisions takes a proactive approach to contributing to the communities in which they operate.

At group level, one of our most important partnerships is that with the Australian War Memorial, which commemorates the sacrifice of those Australians who have died in war. We are honoured to support its mission is to assist Australians to remember, interpret and understand the Australian experience of war and its enduring impact on Australian society.

We are equally proud of our 23-year partnership with Art Exhibitions Australia, which this year partnered with the Art Gallery of South Australia to exhibit more than 65 Impressionist masterpieces from the renowned collection of the Musée d'Orsay in Paris.

Throughout the year, we voluntarily broadcast free of charge community service announcements for a broad range of organisations and causes, including Creative Content Australia, Fight Cancer Foundation, The Big Issue, Gidget Foundation Australia and the National Gallery of Australia. Support comes from across many of our operations, including administration, scheduling and broadcast.

In addition, we donate advertising airtime to numerous charitable organisations, including UN Ltd, The Million Dollar Lunch, Ronald McDonald House, Cerebral Palsy Alliance, the Brainwave Gala and the Children's Cancer Institute Diamond Ball.



## New South Wales

In Sydney, we are a major supporter of the Children's Hospital at Westmead, Ronald McDonald House at Westmead, the NSW Schools Spectacular and the Sydney Swans in the AFL.

We are a long-term partner of the Cancer Council NSW, Surf Life Saving in Cronulla, Manly and Narrabeen, the City of Sydney and the Royal Agricultural Society.

We support major events, such as the Seven Bridges Walk and the Sydney Royal Easter Show, as well as many local community events, including Fairfield Council's Cabramatta Moon Festival, Liverpool and Penrith Council's Australia Day and New Year's Eve events.





### Victoria

We are proud to be a Principal Partner of the Good Friday Appeal which brings together the community to raise money for the Royal Children's Hospital. 2018 marked the 87th Appeal, with more than \$18 million raised. Over the course of its history the Appeal has contributed over \$345 million to The Royal Children's Hospital.

We also value our long-term partnerships with the City of Melbourne, the Moomba Parade, the Royal Melbourne Show, the Melbourne International Flower and Garden Show, Very Special Kids and the National Gallery of Victoria.

In addition, we support the Cure for MND Foundation through the highly successful Big Freeze campaign, and the EJ Whitten Foundation's Legends Game.



### Queensland

In Brisbane and across Queensland, we support a range of sporting organisations and events, including the Gold Coast Suns and Brisbane Lions AFL teams, the Channel 7 Brisbane Racing Carnival, Channel 7 Ipswich Cup, Cairns Amateurs Carnival and Magic Millions, the 7 Sunshine Coast Marathon and 7 Rocky River Run, as well as the Queensland Sport Awards.

We also support a number of major community events, including the Royal Queensland Show, the Paniyiri Greek Festival and the CitySmart Greenheart Fair.

### South Australia



In Adelaide, we have partnered with major sporting and community organisations, including the South Australian Football League, Adelaide Crows Football Club, Port Adelaide Football Club, South Australian Football Federation and South Australian Surf Life Saving Clubs.

We support performances at the Adelaide Festival Centre, Adelaide Cabaret Festival, the Art Gallery of South Australia, the Adelaide Symphony Orchestra, the State Library and the two largest Fringe Festival venues.

We also proudly support a number of local charities and community organisations, including The Flinders Medical Centre Foundation, Breakthrough Mental Health Research Foundation, The Advertiser Foundation, Little Heroes Foundation, Carols by Candlelight benefiting Novita Children's Services and the Royal Flying Doctor Service. Many of our Presenters are also Patrons of these charities.

In addition, we established the Channel 7 Children's Research Foundation of South Australia Incorporated in 1976. The Foundation has facilitated grants to child health researchers in SA, totalling more than \$24 million, with the purpose of encouraging and advancing investigations into the cause, prevention, diagnosis and treatment of conditions impacting the health of children.

**Western Australia**

We are very proud of our 50-year partnership with the Telethon. Following a record-breaking year in 2017, Western Australians have raised more than \$268 million for the kids of Western Australia over the course of the Telethon's history. The money raised has helped make significant advances in treating some of the life threatening diseases that face our children today. Telethon has also allowed for the provision of equipment, resources and critical services for children across WA.

Telethon is one of many initiatives we do that give back to the WA community across the sport, arts and not-for-profit sectors. These contributions include the Christmas Pageant, Australia Day Skyworks,



The Perth Festival, The West Australian Symphony Orchestra, The City to Surf, The West Coast Eagles, The Fremantle Dockers and many more organisations.



**Pacific**

For over a decade, we have partnered with Ronald McDonald House, a charity attached to major women's and children's hospitals providing a home away from home for seriously ill children and their families.

In November 2017, marie claire partnered with The Gidget Foundation to raise funds and awareness of perinatal anxiety and depression. The Gidget Foundation provides support services for new families struggling with parenthood.

marie claire also partnered with the Ovarian Cancer Research Foundation (OCRF) for its annual White Shirt Campaign with Witchery. The campaign celebrated 10 years in 2018 and raised over \$1.4 million to support and sustain vital research projects into developing an early detection test for ovarian cancer.

We have a longstanding reputation for celebrating Australian women of achievement. Women's Health Women in Sport (WinS) is the only campaign of its

kind, celebrating and supporting female athletes from grassroots through to elite year round, commencing with the WinS mentoring sessions and culminating in the Gala Awards in October.

InStyle marked a decade of innovation and style in May, with the annual Women of Style Awards. These awards recognise women who are shifting the dial in a diverse range of fields, from charity and community, to sport and science.

That's life! launched the 'Protect Our Kids' petition that aims to get all five meningococcal vaccines available to children on the PBS. The petition has been signed by over 17,000 Australians over a four month period and will continue to campaign until the goal is reached.

We have also been members of the Environmental Advisory Group of the Newspaper Works (formally Publisher's National Environment Board) since 2004. The Group endeavours to make a significant contribution to waste publication paper recovery, recycling and the environment.

# Board of Directors

## Kerry Stokes AC

Chairman – Non-executive Director

Mr Stokes is the Executive Chairman of Seven Group Holdings Limited, a company with a market-leading presence in the resources services sector in Australia and formerly in north east China and a significant investment in energy and also in media in Australia through Seven West Media. Mr Stokes has held this position since April 2010. He is also Chairman of Australian Capital Equity Pty Limited, which has substantial interests in media and entertainment, resources, energy, property, pastoral and industrial activities.

Mr Stokes' board memberships include Council Member for the Paley Group (formerly the International Council for Museum & Television); Chairman and Fellow (since November 2015) for the Australian War Memorial (previously a Council Member); and a former Chairman of the National Gallery of Australia. Mr Stokes holds professional recognitions which include an Honorary Doctorate in Commerce at Edith Cowan University and an Honorary Fellow of Murdoch University.

Mr Stokes has, throughout his career, been the recipient of awards, including Life Membership of the Returned Services League of Australia; 1994 Paul Harris Rotary Fellow Award; 1994 Citizen of Western Australia for Industry & Commerce; 2002 Gold Medal award from the AIDC for Western Australian Director of the Year; 2007 Fiona Stanley Award for outstanding contribution to Child Health Research; 2009 Richard Pratt Business Arts Leadership Award from the Australian Business Arts Foundation; and 2011 Charles Court Inspiring Leadership Award; 2013 West Australian of the Year; 2014 Awarded Keys to the City of Perth and 2014 Awarded Keys to the City of Melbourne.

Mr Stokes was awarded Australia's highest honour, the Companion in the General Division in the Order of Australia (AC) in 2008. In 1995, he was recognised as Officer in the General Division of the Order of Australia (AO).

Mr Stokes was appointed to the Board on 25 September 2008, and became Chairman of Seven West Media Limited (formerly West Australian Newspaper Holdings Ltd) on 11 December 2008.

## Tim Worner

Managing Director & Chief Executive Officer

Mr Worner is Managing Director & Chief Executive Officer of Seven West Media Limited.

He is also a Director of Yahoo7, Free TV Australia and racing.com.

Prior to his appointment as CEO of Seven West Media Limited (SWM), Mr Worner was CEO, Broadcast Television, and prior to that Director of Programming and Production for the Seven Network.

As CEO of SWM, Mr Worner has overseen the growth of the Seven Network from a single channel to the multi-channel ecosystem comprising Seven, 7TWO, 7mate, 7flix and racing.com. He also leads the company's sporting rights negotiations, securing long-term deals for the AFL, Cricket and Olympics.

Under his leadership, SWM's production division Seven Studios has grown to become Australia's biggest producer of premium content. This year Seven Studios commissioned, created and produced more than 800 hours of premium television across all genres, which is now viewed in 190 countries across the globe.

Mr Worner is also responsible for the company's multi-platform publishing businesses The West and Pacific. The West publishes leading news brands The West Australian, The Sunday Times, thewest.com.au and PerthNow.com.au, which together reach 72% of the WA population every month. Pacific is Australia's #1 women's lifestyle multi-platform publisher, with titles including Better Homes and Gardens, New Idea, WHO, that's life!, marie claire and InStyle.

Mr Worner also leads Seven's increasing online and new media presence, including over-the-top digital video platform 7plus, which encompasses live and on demand, extended library content and exclusive original commissions, and investments in new businesses including Airtasker, SocietyOne, Health Engine and Starts at 60.

In 2014 Mr Worner was awarded the MIPTV Médaille d'Honneur Award for his achievements in the television industry. He is the former Chairman of Australian News Channel, which produced Sky News in Australia, and a former director of the Sydney Swans, Airtasker and Presto.

Mr Worner was appointed to the Board on 24 June 2015.

## John Alexander

Non-executive Director

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002. Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher & Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

Mr Alexander has previously acted as a director of a number of media companies including Foxtel Management Pty Limited, Fox Sports Australia Pty Limited, SEEK Limited, Carsales.com Limited and Ninemsn Pty Limited. Mr Alexander is the Executive Chairman of listed company Crown Resorts Limited. He is also the Chairman of the Crown Melbourne Limited and Burswood Limited Boards.

Mr Alexander is Chairman of the Remuneration & Nomination Committee.

Mr Alexander was appointed to the Board on 2 May 2013.

## Teresa Dyson

Non-executive Director

Ms Dyson is an experienced company director, with a broad range of experience across public and private sectors. Ms Dyson has been closely involved in strategic decision making in business and organisational structuring, covering the financial services, transport, energy and resources sectors, as well as infrastructure projects.

Ms Dyson is currently a director of Power & Water Corporation (NT), Energy Queensland, Genex Power Limited, Gold Coast Hospital and Health Board, Fare Limited, UN Women National Committee Australia Ltd and Opera Queensland and is a member of the Foreign Investment Review Board and the Takeovers Panel.

Ms Dyson holds a Masters of Applied Finance from Macquarie University. She graduated with a Bachelor of Laws (Honours), a Bachelor of Arts and a Masters of Taxation from the University of Queensland and is a graduate of the Australian Institute of Company Directors.

Ms Dyson is Chairman of the Audit and Risk Committee.

Ms Dyson was appointed to the Board on 2 November 2017.

## David Evans

Non-executive Director

Mr Evans is the Executive Chairman of Evans Dixon Pty Ltd. Mr Evans established Evans and Partners Pty Ltd, the investment advisory company in June 2007.

Since 1990, he has worked in a variety of roles within JB Were & Son, and then the merged entity Goldman Sachs JBWere Pty Ltd. Prior to establishing Evans and Partners Mr Evans ran Goldman Sachs JBWere's Private Wealth business and the Institutional Equities business. His most recent role at GSJBW was as Managing Director and Chief of Staff.

Mr Evans is a member of the Victorian Police Corporate Advisory Group and Chairman of Cricket Australia's Investment Committee.

Mr Evans was formerly Chairman of the Audit & Risk Committee and is a member of the Remuneration & Nomination Committee.

Mr Evans was appointed to the Board on 21 August 2012.

## Peter Gammell

Non-executive Director

Mr Gammell was the Deputy Chairman of Australian Capital Equity Pty Limited, the investment holding company associated with Mr Kerry Stokes AC, and was on the Board of Seven Group Holdings Limited from February 2010 until 28 June 2013 and was Managing Director and Group Chief Executive Officer from April 2010 until 28 June 2013.

Prior to the formation of Seven West Media Limited, Mr Gammell served as a Director of Seven Network Limited for 14 years. He was Chairman of the Seven Network Limited Finance Committee and was a member of the Audit Committee. He was the Chairman of Coates Hire, Australia's largest equipment hire company.

Mr Gammell is a former Director of Federal Capital Press Pty Ltd, the publisher of the Canberra Times (1989 to 1998) and is a former Director of the Community Newspaper Group (1996 to 1998). Between 10 September 2009 and 19 November 2012, Mr Gammell was a Director of Consolidated Media Holdings Limited.

Mr Gammell is a member of the Institute of Chartered Accountants of Scotland and holds a Bachelor of Science degree from the University of Edinburgh.

Mr Gammell is a member of the Audit & Risk Committee.

Mr Gammell was appointed to the Board on 25 September 2008.

## The Hon. Jeffrey Kennett AC

Non – executive Director

Mr Kennett AC is the founding Chairman of beyondblue: the national depression initiative and was Chairman from 2000 until 30 June 2017. He is Chairman of The Torch, a program assisting incarcerated indigenous men and women.

Mr Kennett was an Officer in the Royal Australian Regiment, serving at home and overseas. He was a Member of the Victorian Parliament for 23 years, and was Premier of the State from 1992 to 1999. Prior to that, he was Leader of the Opposition 1982-1989; 1991-1992.

Mr Kennett is currently the Chairman of EQT Holdings Limited, Chairman of Open Windows Australia Proprietary Limited, Chairman of CT Management Group Pty Ltd and Chairman of Amtek Corporation Pty Ltd.

In 2005 Mr Kennett was awarded the Companion of the Order of Australia.

Mr Kennett is a member of the Remuneration & Nomination Committee.

Mr Kennett was appointed to the Board on 24 June 2015.

## Michael Malone

Non – executive Director

Mr Malone founded iiNet Limited in 1993 and continued as CEO until retiring in 2014. During his tenure, iiNet grew to service one million households and businesses, with revenues of one billion dollars and a market cap of over one billion dollars.

Mr Malone has been recognised with a raft of industry accolades, including 2012 Australian Entrepreneur of the Year, CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year in the CSIA's Australian Service Excellence Awards.

He presently sits on the board as a non-executive Director of NBN Co and ASX listed SpeedCast Limited, Dreamscape Networks Limited and is the Chairman on Superloop Limited. Mr Malone is a founder of Diamond Cyber, an IT security firm in Perth.

Mr Malone is a member of the Audit & Risk Committee.

Mr Malone was appointed to the Board on 24 June 2015.

## Ryan Stokes

Non – executive Director

Mr Stokes is Managing Director & Chief Executive Officer of Seven Group Holdings Limited (SGH). SGH owns approximately 41% of SWM.

Mr Stokes has been a Director of Seven West Media Limited (SWM) since 2012 and was an Executive Director and then Chairman of Pacific Magazines from 2004 to 2008 and a Director of Yahoo7 from 2005 to 2013.

Mr Stokes is a Director of WesTrac, Chairman of Coates Hire, and a Director of Beach Energy.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in SGH.

Mr Stokes was appointed Chairman of the National Gallery of Australia on 9 July 2018.

Mr Stokes is the former Chairman of the National Library of Australia. He is also a member of the Prime Ministerial Advisory Council on Veterans Mental Health established in 2014.

In 2015, he became a Committee member of innovationXchange (within the Department of Foreign Affairs and Trade), which provides strategic guidance on innovation in aid programs. He is also a member of the IOC Olympic Education Commission.

Mr Stokes holds a BComm from Curtin University and is a Fellow of the Australian Institute of Management (FAIM).

Mr Stokes is a member of the Remuneration & Nomination Committee.

Mr Stokes was appointed to the Board on 21 August 2012.

## **Michael Ziegelaar**

Non-executive Director

Mr Ziegelaar is a senior partner of global law firm Herbert Smith Freehills, where he is the Co-Head of Australian Equity Capital Markets. He specialises in corporate, equity capital markets and M&A transactions and has acted for a wide range of clients across various industries.

Mr Ziegelaar is also a non-executive director of the Burnet Institute.

He holds a Bachelor of Laws (Hons), a Bachelor of Economics (majoring in Accounting and Corporate Finance) and a Master of Laws (majoring in Commercial Law) from Monash University.

Mr Ziegelaar was appointed to the Board on 2 November 2017.

## **Warren Coatsworth**

Company Secretary

Mr Coatsworth has been Company Secretary since 24 April 2013.

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Masters of Law in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

Mr Coatsworth has been Company Secretary of Seven Group Holdings Limited since April 2010 and Company Secretary of Seven Network Limited since July 2005. He has extensive experience as Legal Counsel at the Seven Network advising broadly across the company, and was formerly a solicitor at Clayton Utz.

# Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2018

This statement outlines the Company's main corporate governance practices that were in place throughout the financial year and, unless otherwise stated, its compliance with the 3rd edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ("ASX Recommendations").

As part of the periodic review of its Board and Committee Charters during the financial year, the Company took a proactive approach to identifying areas of emerging developments in corporate governance, as raised in the draft 4th edition ASX Corporate Governance Council Corporate Governance Principles and Recommendations released on 8 May 2018 ("Draft 4th Edition ASX Recommendations"). The resulting amendments to the Board and Committee Charters are aligned with emerging market expectations and reflect many of the responsibilities and processes that the Board and its Committees were already undertaking.

Reporting of compliance within this Corporate Governance Statement remains against the 3rd edition of the ASX Recommendations, however reference is also made herein to corporate governance enhancements which relate to the Draft 4th Edition ASX Recommendations. The Board will continue to review developments in corporate governance as part of its periodic review of governance at the Company.

The documents marked with an \* below have been posted in the 'Corporate Governance' section on the Company's website at [www.sevenwestmedia.com.au/about-us/corporate-governance](http://www.sevenwestmedia.com.au/about-us/corporate-governance). Those policies which are not separately available on the Company's website are summarised in this statement. A copy of this statement will be made available on the Company's website.

## Principle 1 – Lay Solid Foundations for Management and Oversight

### Role and responsibilities of the Board

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution\*. The Board is responsible for the overall corporate governance of the Company and has adopted a Board Charter\* setting out the role and responsibilities of the Board.

The Board Charter provides that the Board's role includes:

- representing and serving the interests of shareholders by overseeing, reviewing and appraising the Company's strategies, policies and performance in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution;

- contributing to, and approving, management's development of corporate strategy and performance objectives and monitoring management's performance and implementation of strategy and policies;
- reviewing and monitoring systems of risk management and internal control and ethical and legal compliance, including reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial reporting, financial controls and other reporting;
- developing a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership;
- approving the entity's statement of core values;
- demonstrating leadership by approving the Company's purpose, strategic objectives and code of conduct for directors, senior executives and employees;
- developing and reviewing corporate governance principles and policies and monitoring compliance with those principles and policies to underpin and instil the desired culture within the Company and reinforce a culture across the Company of acting lawfully, ethically and in a socially responsible manner;
- ensuring Management has formal and rigorous processes in place to validate the quality and integrity of the Company's corporate reporting; and
- in accordance with the Company's Diversity Policy, reviewing, on an annual basis, the report prepared by the Remuneration & Nomination Committee outlining the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Group.

The Board Charter provides that matters which are specifically reserved for the Board or its Committees include:

- appointment and removal of the Group Chief Executive Officer;
- approval of dividends;
- approval of annual budget;
- monitoring capital management and approval of capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- the establishment of Board Committees, their membership and delegated authorities; and
- calling of meetings of shareholders.

### Board Committees

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee and the Remuneration & Nomination Committee. These standing Committees were established by the Board to allow detailed consideration of complex issues.

Each Committee has its own written Charter\*, which is reviewed on an annual basis and is available on the Company's website. Further details regarding the Audit & Risk Committee and the Remuneration & Nomination Committee are set out under "Principle 4 – Safeguard Integrity in Corporate Reporting" and "Principle 2 – Structure the Board to Add Value", respectively, in this Corporate Governance Statement.

The Directors' Report at page 59 sets out the number of Board and Committee meetings held during the 2018 financial year under the heading "Directors' Meetings", as well as the attendance of Directors at those meetings.

### Delegation to Management

Subject to oversight by the Board and the exercise by the Board of functions which it is required to carry out under the Company's Constitution, Board Charter and the Corporations Act, it is the role of management to carry out functions that are expressly delegated to management by the Board, as well as those functions not specifically reserved to the Board, as it considers appropriate, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

Management is responsible for implementing the policies, business model and strategic objectives approved by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. The Company has adopted a Delegated Authority Policy, which delegates to management the authority to carry out expenditure in relation to specified areas of the Company's operations, subject to the Company's policies and procedures in respect of the authorisation and signing of Company contracts, which includes a system of legal review. Management is charged with promulgating the Company's values across the organisation.

The functions exercised by the Board and those delegated to management, as explained in this statement and set out in the Board Charter, are subject to ongoing review to ensure that the division of functions remains appropriate.

### Employment of executives

Company executives are each employed under written employment agreements, which set out the terms of their employment, including role and duties, the person to whom they report, remuneration, obligations of confidentiality, and the circumstances in which the executive's employment may be terminated.

Prior to the commencement of employment, the Company undertakes appropriate background checks on new senior executives.

### Appointment of Directors

The Board has established a Remuneration & Nomination Committee to assist in the appointment of new Directors.

Further information concerning this Committee is set out under "Principle 2 – Structure the Board to Add Value" in this statement. The Remuneration & Nomination Committee periodically review the composition of the Board to ensure that the Board has an appropriate mix of expertise and experience. This review includes considering the appointment of new Directors and the re-election of incumbent Directors to the Board. An output of this process is the Board skills matrix set out under "Principle 2 – Structure the Board to Add Value".

The policy and procedure for the selection and appointment of new Directors is set out in an Annexure to the Board Charter. The factors that will be considered when reviewing a potential candidate for Board appointment include:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness, including a deep understanding of the media industry, corporate management and operational, safety and financial matters;
- the existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objective of achieving a Board comprising Directors from a diverse range of backgrounds;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other board or executive appointments); and
- potential conflicts of interest and independence.

The Board believes the management of the Company benefits from, and it is in the interests of shareholders for Directors on the Board to have, a mix of tenures such that some Directors have served on the Board for a longer period and have a deeper understanding of the Company and its operations, and new Directors bring fresh ideas and perspectives.



As part of the selection and appointment process:

- the Board, and if so requested the Remuneration & Nomination Committee, identify potential Director candidates, with the assistance of external search organisations as appropriate;
- background information in relation to each potential candidate is provided to all Directors;
- appropriate background checks are undertaken before appointing a Director, or putting forward to shareholders a Director candidate for election; and
- an invitation to be appointed as a Director is made by the Chairman after having consulted all Directors, with recommendations from the Remuneration & Nomination Committee (if any) having been circulated to all Directors.

Appointed Directors receive a formal letter of appointment which set out terms of their appointment, and attaching remuneration entitlements and the Company's Corporate Governance Policies, including the Company's Share Trading Policy, which Directors are to abide by. Under the letter of appointment, Directors are also provided with a schedule of Board meetings, Deeds of Indemnity & Access and a summary of Director insurance arrangements.

### **New Director appointments during the year**

During the year, the Board undertook a review of the Board's structure and composition, and on 2 November 2017 appointed two Independent Directors, Ms Teresa Dyson and Mr Michael Ziegelaar, to the Board.

The Board considers that these appointments add further depth and strength to the Board, and that each of these Directors will make a valuable contribution to the Company in terms of skills and experience.

### **Election and re-election of Directors**

Directors appointed to fill casual vacancies hold office until the next Annual General Meeting and are then eligible for election by shareholders. In addition, each Director must stand for re-election at the third Annual General Meeting since they were last elected. Under the Company's Constitution, one-third of the Board (excluding the Managing Director and any Directors standing for election for the first time) must retire by rotation at each Annual General Meeting.

The Notice of Meeting for the Annual General Meeting discloses material information about Directors seeking election or re-election, including appropriate biographical details and qualifications, and other key current directorships.

### **Company Secretary**

The Company Secretary's role is to support the Board's effectiveness by:

- helping to organise and facilitate the induction and professional development of directors;
- monitoring whether Company policies and procedures are followed;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes;
- advising the Board and Committees on governance matters; and
- coordinating the timely distribution of Board and Committee agendas and briefing materials.

The decision to appoint or remove a Company Secretary is made or approved by the Board. The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. Each of the Directors has access to the Company Secretary.

### **Board, Committee and Director performance evaluation**

The Chairman closely monitors the performance and actions of the Board and its Committees. During the financial year, Directors completed a Board Evaluation questionnaire concerning Board, Committee and Director, including Chairman, performance from which aggregated data and responses are provided to the Chairman and then presented to the Board for discussion and feedback. The Board Evaluation questionnaire provides an opportunity for the Board to benchmark results year-on-year and to identify Board performance priorities, governance framework gaps and improve the effectiveness of meetings and Company processes.

The aggregated questionnaire results also provide the basis of individual discussions between Directors and the Chairman. The Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance. Matters which may be taken into account include the expertise and responsibilities of the Board member and their contribution to the Board and any relevant Committees and their functions.

Additionally, during the financial year, a report on the program of work undertaken by the Board and each of its Committees, assessed against their respective Charter responsibilities and duties, is provided to the Board for discussion and for the purposes of reviewing performance of the Board and the Committees, as well as their Charters, to ensure that the Board and its Committees operate effectively and efficiently.

During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

### **Assessment of management performance**

The performance of the Managing Director & Chief Executive Officer is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the Managing Director & Chief Executive Officer's performance-linked remuneration. The Remuneration Report sets out further details of the performance criteria against which the Managing Director's & Chief Executive Officer's performance-linked remuneration is assessed on pages 62 to 80.

The performance of senior executives of the Company is reviewed on an annual basis in a formal and documented interview process with either the Managing Director & Chief Executive Officer or the particular executive's immediate superior. Performance is evaluated against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant business units within budget, motivation and development of staff, and achievement of and contribution to the Company's objectives.

A performance evaluation of the Managing Director & Chief Executive Officer and other senior executives took place during the year in accordance with this process. For further information about the performance-related remuneration of senior executives and staff, please see the discussion set out under "Principle 8 – Remunerate Fairly and Responsibly".

### **Diversity policy**

The Board recognises the benefits of a workplace culture that is inclusive and respectful of diversity. The Board values diversity in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. The Board has adopted a Diversity Policy\* that sets out the Board's commitment to working towards achieving an inclusive and respectful environment. Please refer to pages 34 to 37 of this Annual Report for reporting on the Diversity Policy and the measurable objectives and initiatives relating thereto.

## **Principle 2 – Structure the Board to Add Value**

### **Board composition**

The Company's Constitution provides for a minimum of three Directors and a maximum of twelve Directors on the Board. As at the date of this statement, the Board comprises ten Directors, including nine Non-Executive Directors and the Managing Director & Chief Executive Officer.

The Non-Independent Directors in office are:

- Mr Kerry Stokes AC, Chairman
- Mr Tim Worner, Managing Director & Chief Executive Officer
- Mr Peter Gammell, Director
- Mr Ryan Stokes, Director

The Independent Directors in office are:

- Mr John Alexander, Director
- Ms Teresa Dyson, Director
- Mr David Evans, Director
- Mr Jeffrey Kennett AC, Director
- Mr Michael Malone, Director
- Mr Michael Ziegelaar, Director

Dr Michelle Deaker was a Director throughout the financial year until her retirement and resignation on 2 November 2017.

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this Annual Report are disclosed in the Board of Directors section of this Annual Report on pages 41 to 43.

### **Board independence**

The Board acknowledges the ASX Recommendation that a majority of the Board should be Independent Directors. The Board comprises a majority of Independent Directors, with four Non-Independent Directors and six Independent Directors since Ms Teresa Dyson's and Mr Michael Ziegelaar's appointment. During the period of the financial year prior to Dr Deaker's retirement and resignation the Board comprised four Non-Independent Directors and five Independent Directors.

In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

- is, or has previously been, employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor of, or a material consultant to, the Company or another Group member, or an employee materially associated with the service provider;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a Director.

The Board determines the materiality of a relationship on the basis of fees paid or monies received or paid to either a Director or an entity which falls within the independence criteria above. If an amount received or paid may impact the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of the Group in the previous financial year by more than 5%, then a relationship will be considered material.

In the Board's view, the Independent Directors referred to above are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company. Mr Michael Ziegelaar is a partner at Herbert Smith Freehills, a law firm which provides certain legal services to the Company. The legal services provided by Herbert Smith Freehills are not considered material having regard to the principles above and Mr Ziegelaar is not involved in providing the services. The Board is satisfied that Mr Ziegelaar's role with Herbert Smith Freehills does not interfere with the independent exercise of his judgment as a Non-Executive Director of the Company.

Mr Kerry Stokes AC, Mr Peter Gammell and Mr Ryan Stokes are not regarded as independent within the framework of the independence guidelines set out above because of their positions, or in the case of Mr Gammell, former position, within Seven Group Holdings Limited, which is a major shareholder of Seven West Media Limited. Due to his position as Managing Director & Chief Executive Officer, Mr Tim Worner is not considered to be independent.

### Chairman

The roles of the Chairman and Chief Executive Officer are separate. Mr Kerry Stokes AC is the Chairman of the Company. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between the Board and Management.

The Board acknowledges the ASX Recommendation that the Chairman should be an Independent Director, however the Board has formed the view that Mr Stokes is the most appropriate person to lead the Board as its Chairman given his experience and skills, particularly with regard to his long term association with various media businesses of the Group. In addition, the Company has a clear and accepted conflict of interest protocol to manage the relationships between the Company and Seven Group Holdings.

### Board skills, experience and expertise

Each Director brings a range of personal and professional experiences and expertise to the Board. The Board seeks to achieve an appropriate mix of skills, tenures and diversity, including a deep understanding of the media industry across multiple channels, as well as corporate management and operational, financial and safety matters. Directors devote significant time and resources to the discharge of their duties.

### Company's Purpose and Strategic Objectives

In accordance with its Charter, and consistent with emerging governance expectations, the Board has defined the Company's purpose as driving shareholder value by "*delivering engagement and value through powerful storytelling*". The Board has identified the following areas as strategic objectives for the Company to achieve this purpose:

#### 1. Focus on the Core

- Improve ratings and revenue performance.
- Grow returns on content investment.
  - Create, secure and curate the best local and international content.
  - Maximise the return on our content investment through every window and overseas sale.

#### 2. Transform the Operating Model

- Deliver on operating cost saving targets.
- Drive efficiencies in existing assets.
- Partner with competitors in non-competitive areas to improve profitability.
- Evolve to a leaner and more agile operating model while protecting content quality.

#### 3. Grow New Revenue Streams

- Drive greater digital adoption and yield.
- Introduce new content monetisation formats.
- Invest in data, automation and targeted advertising to maximise inventory yield.
- Invest in adjacent verticals where we can leverage the power of our assets.

#### 4. Capital Management

- Prudent capital and balance sheet management to sustain future development of the Company.

#### 5. Culture

- Enhancing alignment of the Company's culture to drive innovation and change through technology and to continue to reduce the Company's cost base.

#### Board Skills Matrix

The Board has developed a Board Skills Matrix reflecting the desired skills and experience required to be able to deliver on the strategic objectives of the Company. The Board believes that these skills and experiences are well-represented by its current composition.

The Board Skills Matrix is set out in two parts. The first table outlines the desired industry specific skills and experience and the second table outlines the depth of general corporate, executive and Director experience which are appropriate for the Company. The tables also outline the percentage of current directors possessing those skills and experience.

Skills and Experience	Percentage
<b>Media industry leadership</b> Senior executive or Board level experience in the media industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	80%
<b>Banking, finance, asset and capital management</b> Senior executive or Board level experience and understanding of banking markets and commercial financing arrangements as well as strategic planning and oversight of asset allocation and capital management.	90%
<b>Marketing, sales and product distribution and servicing</b> Senior executive or Board level experience in delivering product offerings to market, including marketing, branding and optimising sales processes and product distribution systems.	80%
<b>Investment, mergers and acquisitions, venture capital and entrepreneurship</b> Senior executive or Board level experience in analysis and identification of business and market opportunities as well as execution in relation to investment, mergers and entrepreneurial activities.	100%

Skills and Experience	Percentage
<b>Technology and telecommunications</b> Senior executive or Board level experience in relation to information management, information technology and telecommunications as well as the oversight of implementation of major technology projects.	70%

Skills and Experience	Percentage
<b>CEO and Board level experience</b> Significant business experience and success at a senior executive level.	100%
<b>Accounting and treasury</b> Senior executive or equivalent experience in financial accounting and reporting, corporate finance, internal financial controls and an ability to probe the adequacies of financial risk controls.	90%
<b>Corporate governance and organisation management</b> Commitment to the highest standards of corporate governance, including experience within an organisation that is subject to rigorous governance and regulatory standards.	100%
<b>Legal, regulation and compliance</b> Senior executive or Board level experience in compliance and knowledge of legal and regulatory requirements.	90%
<b>Risk management and audit</b> Senior executive or Board level experience in identification, management and oversight of material corporate risks and audit, including ability to monitor risk and compliance.	100%
<b>WHS, human resource management and remuneration</b> Board remuneration committee membership or Senior executive experience relating to workplace health and safety, managing people and remuneration, including incentive arrangements and the legislative framework governing employees and remuneration.	100%

## Remuneration & Nomination Committee

The Board has established a Remuneration & Nomination Committee comprised of the following members, all of whom are Independent Directors except for Mr Ryan Stokes:

- Mr John Alexander (Chairman)
- Mr David Evans
- Mr Jeffrey Kennett AC
- Mr Ryan Stokes

Dr Michelle Deaker was a member of the Remuneration & Nomination Committee throughout the financial year until her retirement and resignation on 2 November 2017.

The Remuneration & Nomination Charter\* provides that the Committee must consist of a minimum of three members and must have a majority of Independent Directors, all of whom must be Non-Executive Directors.

Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may attend any meeting of the Committee. The Committee may request that Directors who are non-Committee members are not present for all or any part of a meeting. It is the practice of the Committee for the Managing Director & Chief Executive Officer and Senior Group Executive, Human Resources to attend Committee meetings to present to, or to assist, the Committee.

The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations.

Further details concerning the Remuneration & Nomination Committee's role in relation to Board appointments are set out in this Corporate Governance Statement under the heading "Principle 1 – Lay Solid Foundations for Management and Oversight", and under "Principle 8 – Remunerate Fairly and Responsibly" in relation to its role regarding the Company's remuneration arrangements.

## Director induction and ongoing training

As part of the induction process, Board appointees attend a briefing with the Chairman, meet with the Company Secretary about the Company's corporate governance (including its policies and procedures), visit key business sites and meet with Company Executives. In addition to an induction process for new Director appointments, from time to time, Directors attend external education seminars and peer group meetings regarding regulatory and compliance developments. The Company arranges presentations to the Board by Executives to update the Directors on the Group's business activities, as well as industry and regulatory developments.

The Director induction and ongoing training programs are reviewed to consider appropriate opportunities for Director development having regard to the desired skills and competencies for Board members as well as emerging governance issues such as digital disruption and cyber security.

## Effective functioning of the Board

The Board, under the terms of appointment of Directors and by virtue of their position, is entitled to access, and is provided with, information concerning the Group needed to discharge its duties efficiently. Directors are entitled, and encouraged, to request additional information if they believe that is necessary to support informed decision making. Directors are able to obtain independent professional advice to assist them in carrying out their duties, at the Company's expense.

## Principle 3 – Act Ethically and Responsibly

### Core Values

In accordance with its Charter, the Board has approved the core values of the Company below which function as guiding principles and expectations for behaviour and the culture the Board and Management are seeking to embed across all businesses within the Group to assist in the achievement of the Company's purpose and strategic objectives set out under Principle 2.

The Company's core values have been determined following Management workshops, feedback from employees and presentation to the Board. The Company's core values are represented as motivational "catch-cries" which are displayed graphically at the Company's workplaces and promulgated to staff by Management, including across the Company's internal communications platforms and forums.

### **Connection – “One connected team”**

Internal connection means a focus on achieving the best outcome for the Group as a whole. For our people to work with trust, integrity, positivity and without self-interest. The external connection that we are seeking to embed is a focus on the changes that are rapidly occurring in the media environment. This means questioning what we do and how we do it to ensure that it is reflective of our audience's and customers' changing needs.

### **Accountability – “Just own it”**

Holding ourselves, and each other, accountable for delivering results and meeting our commitments. As we work towards the transformation of our business, our Management team must hold themselves and their staff accountable for achieving our key goals along the way.

### **Creativity/Passion – “Here to inspire” and “Unleash your Imagination”**

This value reflects the creativity and passion that is key to our long-term success but is also about ensuring that creative effort is focused on our audience and customers. This is also recognition that we are striving for excellence and the retention of leadership positions by each of our core businesses.

### **Code of Conduct and other Company policies**

The Board has adopted a Code of Conduct for Directors\* which establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests. The Code is based on a Code of Conduct developed by the Australian Institute of Company Directors.

The Company has adopted a Code of Conduct for Employees\* which provides a framework of ethical principles for conducting business and dealing with customers, employees and other stakeholders. The Code sets out the responsibilities of employees in regard to the Company's commitment to workplace safety and employees' fulfilment of their work duties and compliance with Company policies. The Code requires employees to maintain confidentiality of confidential Company information, avoid conflicts of interest, not misuse Company property or accept or offer inappropriate gifts.

The Board has implemented a number of other policies and procedures to maintain confidence in the Company's integrity and promote ethical behaviour and responsible decision making, including the following:

- Continuous Disclosure policy\*
- Share Trading policy\*
- Group Editorial policy\*
- Diversity policy\*
- Issue Escalation policy

The Company's Issue Escalation policy (internal policy), which includes an external reporting 'hotline', encourages the reporting and investigation of unethical and unlawful practices and matters of concern which cannot otherwise be adequately dealt with under Company policies. The Company's Share Trading policy establishes the governing principles for trading in Company shares by Directors, Executives and Staff. The Company requires compliance with Company policies by staff under the terms of their employment and carries out training of employees in relation to its policies and procedures.

The Company assesses the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage and production for the Group for the financial year.

## **Principle 4 – Safeguard Integrity in Corporate Reporting**

### **Audit & Risk Committee**

As at the date of this statement, the Committee comprised the following members, all of whom are Independent Directors except for Mr Peter Gammell and all of whom are non-executives:

- Ms Teresa Dyson (Chairman of the Committee)
- Mr David Evans
- Mr Peter Gammell
- Mr Michael Malone

Ms Teresa Dyson was appointed to the Audit & Risk Committee effective from 15 February 2018 and became Chairman of the Audit & Risk Committee on 19 February 2018.

The Board recognises and thanks Mr Evans for his unstinting efforts as Audit & Risk Committee Chairman in the period prior to Ms Teresa Dyson's appointment. Ms Evans continues to serve as a member of the Audit & Risk Committee.

Dr Michelle Deaker was a member of the Audit & Risk Committee throughout the financial year until her retirement and resignation on 2 November 2017.

The Audit & Risk Committee has adopted a formal Charter\* which is available on the Company's website.

The Committee's key responsibilities in respect of its audit function are to assist the Board in fulfilling its responsibilities in relation to:

- the accounting and financial reporting practices of the Company and its subsidiaries;
- the consideration of matters relating to the financial controls and systems of the Company and its subsidiaries;
- work with management to ensure that a formal and rigorous processes is in place to validate the quality and integrity of the Company's corporate reporting, including financial reporting, and ensure that it is accurate, balanced and understandable and provides investors with appropriate information to make informed investment decisions;
- the identification and management of financial and non-financial risk; and
- the examination of any other matters referred to it by the Board.

The Audit & Risk Committee is also responsible for:

- making recommendations to the Board on the appointment (including procedures for selection), and where necessary, the replacement of the External Auditor;
- evaluating the overall effectiveness of the external audit function through the assessment of external audit reports and meetings with the External Auditors;
- reviewing the External Auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for the fee; and
- assessing whether non-audit services provided by the External Auditor are consistent with maintaining the External Auditor's independence.

Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may attend any meeting of the Committee. The Committee may request that Directors who are non-Committee members are not present for all or any part of a meeting. It is the practice of the Committee for the Managing Director & Chief Executive Officer, Chief Financial Officer and Head of Internal Audit to attend Committee meetings to present to, or to assist, the Committee.

The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations.

The Audit & Risk Committee's key responsibilities in respect of its risk function are set out below under "Principle 7 – Recognise and Manage Risk".

### External Audit function

It is the policy of the Audit & Risk Committee to meet periodically with the External Auditors without management being present.

Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The Board ensures that the Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report.

### Declarations by the Managing Director & Chief Executive Officer and Chief Financial Officer

Before the Board approves the financial statements for each of the half year and full year, it receives from the Managing Director & Chief Executive Officer and the Chief Financial Officer a written declaration that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm that these opinions have been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

The required declarations from the Managing Director & Chief Executive Officer and Chief Financial Officer have been given for the half year ended 30 December 2017 and the financial year ended 30 June 2018.

### Principle 5 – Make Timely and Balanced Disclosure

The Company is committed to complying with the disclosure obligations of the Corporations Act and the Listing Rules of the ASX, and to ensuring accountability at a senior executive level for that compliance. To that end, the Company has adopted a Continuous Disclosure Policy\*.

The Company also follows a program of half yearly and yearly disclosures to the market on financial and operational results and has established policies and procedures to ensure that a wide audience of investors has access to information given to ASX for market release. Media releases, half yearly and yearly financial reports and results presentations are lodged with ASX and upon confirmation of receipt by ASX, they are posted to the Company's website.

In order to protect against inadvertent disclosure of price sensitive information, the Company imposes communication 'blackout' periods for financial information between the end of financial reporting periods and the announcement of results to the market.

The Board receives copies of all announcements under Listing Rule 3.1 promptly after they have been made.

## Principle 6 – Respect the Rights of Shareholders

### Communications with shareholders

As disclosed in the Shareholder Communication Policy\*, the Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs and that there is an effective two-way communication with its shareholders facilitated via the Company's Investor Relations function. The Company adopted a communications strategy that promotes effective communication with shareholders principally through ASX announcements, the Company website, the provision of the Annual Report, including the financial statements, and the Annual General Meeting (and any extraordinary meetings held by the Company) and notices of general meetings. Information concerning resolutions for consideration at the Company's general meetings is provided in the notice of meeting. Shareholders are encouraged to participate in general meetings and are invited to put questions to the Chairman of the Board in that forum.

Shareholders are given the option to receive communications from, and to send communications to, the Company electronically, to the extent possible. The Board continues to review its channels of communications with shareholders for cost effectiveness and efficiencies, including using electronic delivery systems for shareholder communications where appropriate. The Company continues to implement campaigns to encourage shareholders to elect to receive all shareholder communications electronically to help reduce the impact on the environment and costs associated with printing and sending materials by post.

It is the Company's practice that all resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

### The Company's website

The Company's website [www.sevenwestmedia.com.au](http://www.sevenwestmedia.com.au) provides various information about the Company, including:

- Overviews of the Company's operating businesses, divisions and structure;
- Biographical information for each Director;
- Copies of the following:
  - Board and Committee Charters;
  - Corporate Governance Policies;
  - Annual Reports and Financial Statements; and
  - Announcements to ASX;
  - Security price information;
  - Contact details for the Company's Share Registry; and
  - Details concerning the date of the Annual General Meeting, including the Notice of Meeting, when available.

## Principle 7 – Recognise and Manage Risk

### Risk oversight and management

The Board recognises that the management of business and economic risk is an integral part of its operations and has established policies and procedures for the oversight and management of material business risks, including the establishment of the Audit & Risk Committee. Details regarding the Committee are set out under "Principle 4 – Safeguard Integrity in Corporate Reporting".

The Board also believes a sound risk management framework should be aimed at identifying and delivering improved business processes and procedures across the Group which are consistent with the Group's commercial objectives.

Under the Audit & Risk Committee's Charter\*, the Committee's key responsibilities in respect of its risk function are to:

- Oversee, evaluate and make recommendations to the Board in relation to the adequacy and effectiveness of the risk management framework and the risk management systems and processes in place, and be assured and in a position to report to the Board that all material risks have been identified and appropriate policies and processes are in place to manage them;
- Review and approve management's annual report on the effectiveness of the risk management systems;
- Review reports from management on new and emerging sources of financial and non-financial risk and the risk controls and mitigation measures that management has put in place to deal with those risks;



- Ongoing review of the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk, and reports to the Board regarding any recommended changes to the Company's risk management framework;
- Review, and make recommendations to the Board in relation to, the Company's insurance program and other risk transfer arrangements having regard to the Company's business and the insurable risks associated with it, and be assured that appropriate coverage is in place;
- Monitor compliance with applicable laws and regulations, review the procedures the Company has in place to ensure compliance and be assured that material compliance risks have been identified;
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding fraud or non-compliance with applicable laws and regulations and the confidential, anonymous submission by employees of the Company of any concerns regarding business practices; and
- Review and make recommendations to the Board in relation to any incidents involving fraud or other breakdown of the Company's internal controls.

The Board requires management to design and implement a risk management and internal control system to manage the Company's material business risks and report to it on the management of those risks. During the reporting period, management reported to the Board as to the effectiveness of the Company's management of its material business risks.

During the 2018 financial year, the Committee conducted periodic as well as the annual review of the Company's risk management framework and satisfied itself that the framework continues to be sound and effectively identifies potential risks.

### Risk Management Policy

The Board has adopted a Risk Management Policy consistent with Australian Standard ISO 31000:2009 and Principle 7 of the ASX Recommendations.

The group-wide risk profile covers the key revenue, content, product/technology and people risks of the Company and is prepared by the Head of Risk Assurance & Internal Audit in consultation with key executives across the business. Throughout the year, the Audit & Risk Committee reviews the group-wide risk profile and the success of the risk mitigation strategies in order to satisfy itself that management is operating within the risk appetite set by the Board. External advice is obtained as appropriate.

### Internal Control Framework – Risk Assurance & Internal Audit

The Company has established a Risk Assurance & Internal Audit function to evaluate and improve the effectiveness of the Company's governance, risk management and internal control processes. Functional responsibility for Risk Assurance & Internal Audit resides with the Head of Risk Assurance & Internal Audit who reports to the Chairman of the Audit & Risk Committee and has access to the Company's records, information systems, properties and personnel in order to conduct its activities. The Audit & Risk Committee reviews and approves Risk Assurance & Internal Audit's plans and resourcing as well as monitors its independence, performance and management's responsiveness to its findings and recommendations.

During the year, the Head of Risk Assurance & Internal Audit presented detailed Internal Audits and Risk reviews to the Committee regarding the effectiveness of the Company's management of its material business risks, in accordance with the approved Risk Assurance & Internal Audit plan. Focus areas of the 2018 Risk Assurance & Internal Audit plan included controls over payment systems, review of deployment of IT projects and enhancing the Company's anti-fraud programs.

### Workplace Safety

The Company is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are overseen by health and safety specialists within the Company's Human Resources team and dedicated Risk, Safety and Security team. These policies are promulgated to staff through induction and training and the availability of information on the Company's intranet as well as through Occupational Health & Safety Committees and representatives at each business premises. Consultative workplace safety arrangements, ranging from formal quarterly health and safety committee meetings to other agreed arrangements, have been put in place at each key business premises. Procedures relating to security at the Company's business sites are prioritised and are subject to review and continuous improvement.

Management provides leadership by promoting a culture of safety and risk awareness and monitors and responds to incident reporting and provides regular workplace safety updates to the Board. Additionally, to support well-being within the workplace, the Company provides a free and confidential external counselling service for employees and their immediate families.

## Environment

Environmental risks are considered as part of the Company's risk assessment processes. Environmental risks relating to the use and storage of any hazardous materials are identified and managed through regular inspections of business premises, reviews of compliance and emergency procedures, and advice from external consultants on environmental matters.

The Company is mindful of climate change and managing the environmental impact of its operations. For more information on the Company's environmental practices and the Company's efforts to minimise the environmental footprint of its businesses, please refer to pages 33 to 34 of this Annual Report.

## Financial reporting

The Company maintains a comprehensive budgeting system with an annual budget reviewed by the Audit & Risk Committee, which is then recommended to, and considered and approved by the Board. Weekly and monthly actual results are reported against budget and revised forecasts for the year are prepared regularly.

## Special reports

The Company has identified a number of key areas which are subject to regular reporting to the Board or its Committees such as cost reduction programs, legal and health and safety matters as well as cyber security, payment systems reviews and major technology projects.

## Material risks

Under the risk framework described above the Company has identified revenue, content, product/technology and people risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate Senior Management within the Company. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks is set out under the headings "Risk Management" and "Risk Management Framework" on page 33 of this Annual Report. The Company does not believe it has any material exposure to environmental or social sustainability risks. Commentary on the Company's environmental and human capital related initiatives as well as its community engagement is provided on pages 33 to 40 of this Annual Report.

## Strategy

The Company continues to transform its strategic focus to respond rapidly to the challenges and opportunities in its marketplace. For more information on the Company's revised strategic framework which underpins the Company's economic sustainability please refer to pages 2 to 5 of this Annual Report.

## Principle 8 – Remunerate Fairly and Responsibly

### Remuneration policy

The objective of the remuneration policy for employees is to ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and with the best skills from the industries in which the Company operates.

### Remuneration & Nomination Committee

To assist in the adoption of appropriate remuneration practices, the Board has delegated specific responsibilities to the Remuneration & Nomination Committee. Details regarding the Committee are set out under "Principle 2 – Structure the Board to Add Value".

The primary responsibilities of the Committee which relate to remuneration are:

- To review and advise the Board on Directors' fees and the remuneration packages, including equity incentive grants, of the Managing Director & Chief Executive Officer, Chief Executives and senior executives of the Group subsidiaries;
- To ensure the company has a rigorous and transparent process for developing its remuneration policy and for fixing the remuneration packages of directors and senior executives, in light of the objective that the company's remuneration framework is aligned with the company's strategic objectives, values and risk appetite;
- To provide advice and support and serve as a sounding-board for the Managing Director & Chief Executive Officer and Board in human resource and remuneration-related matters; and
- To advise on succession planning and employee development policies.

It is the practice for the Managing Director & Chief Executive Officer to attend meetings of the Remuneration & Nomination Committee to report on, or seek approval of, senior Group Management's remuneration, but he is not present during meetings of the Committee (or the Board) when his own performance or remuneration are being discussed or reviewed.

**Remuneration of Directors and Senior Executives**

The remuneration of the Non-Executive Directors is restricted, in aggregate, by the Constitution of the Company and the requirements of the ASX Listing Rules. Fees for Directors are set out in the Remuneration Report on pages 33 to 34.

The Committee reviews remuneration packages and policies applicable to the Managing Director & Chief Executive Officer and senior executives. This includes share schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits and insurance policies. External advice is sought directly by the Committee, as appropriate. The Committee also directly obtains independent market information on the appropriateness of the level of fees payable to Non-Executive Directors and makes recommendations to the Board.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board performance-related remuneration for Key Management Personnel. This process is summarised in the Remuneration Report on pages 62 to 80. Further details of Directors' and executives' remuneration, superannuation and retirement payments are set out in the Remuneration Report. The Board's remuneration policy and a discussion of the differing structures of Non-Executive Directors and senior executives' remuneration are also discussed in the Remuneration Report throughout sections 1 to 6.

**Hedging**

It is the Company's policy that employees (including KMP) are prohibited from dealing in Seven West Media securities if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all Key Management Personnel are prohibited from entering into arrangements in connection with Seven West Media securities which operate to limit the executives' economic risk under any equity-based incentive schemes.

This statement has been approved by the Board and is current as at 21 August 2018.

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report together with the consolidated financial statements of the Group consisting of Seven West Media Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018 and the auditor's report thereon.

## Board

The following persons were directors of Seven West Media Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

KM Stokes AC – Chairman  
 TG Worner – Managing Director & Chief Executive Officer  
 JH Alexander  
 T Dyson (appointed 2 November 2017)  
 D Evans  
 PJT Gammell  
 JG Kennett AC  
 M Malone  
 RK Stokes  
 M Ziegelaar (appointed 2 November 2017)  
 Dr ME Deaker (resigned 2 November 2017)

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held at any time in the last three years are set out in this Annual Report under the headings "Board of Directors" and "Corporate Governance Statement" on pages 41 and 45 and form part of this report.

WW Coatsworth is the Company Secretary. Particulars of Mr Coatsworth's qualifications and experience are set out in this Annual Report under the heading "Company Secretary" on page 44.

## Principal activities

The principal activities of the Group during the financial year were free-to-air television broadcasting, newspaper and magazine publishing and online and radio broadcasting.

There were no significant changes in the nature of the Group's principal activities during the financial year.

## Business strategies, prospects and likely developments

Information on the Group's operations and the results of those operations, financial position, business strategies and prospects for future financial years has been included in the "Performance of the Business" section commencing on page 14. The Performance of the Business section also refers to likely developments in the Group's operations in future financial years and the expected results of those operations.

Information in the Performance of the Business section is provided to enable shareholders to make an informed assessment about the operations, financial position, business strategies and prospects for future financial years of the Group.

## Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- On 28 March 2018, the Company announced that it was selling its 50% interest in Yahoo7 to Oath, a subsidiary of Verizon. The transaction is expected to complete by October 2018.
- On 13 April 2018, the Company announced that it had signed a six-year agreement (2018 through to 2024) with Cricket Australia for domestic free-to-air cricket broadcasting rights. The annual cash rights cost is \$75 million per annum over the six years.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

## Matters subsequent to the end of the financial year

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect:

- a. the Group's operations in future financial years; or
- b. the results of those operations in future financial years; or
- c. the Group's state of affairs in future financial years.

## Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

Directors	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
	a	b	a	b	a	b
KM Stokes AC	12	12	1	1	2	2
T Worner	12	12	7	7	6	6
JH Alexander	12	11	–	–	13	13
T Dyson*	8	7	4	4	2	2
D Evans	12	12	7	7	13	12
PJT Gammell	12	10	7	7	–	–
JG Kennett AC	12	12	5	5	13	13
M Malone	12	9	7	6	–	–
RK Stokes	12	12	7	7	13	13
M Ziegelaar*	8	8	5	5	3	3
Dr ME Deaker^	5	5	2	2	4	4

a. Number of meetings held during the year while the person was a Director.

b. Number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included above.

\* Appointed a Director on 2 November 2017.

^ Resigned as a Director on 2 November 2017.

## Performance rights and options

During the financial year, there were not any rights issued over an equivalent number of unissued fully paid ordinary shares in the Company.

At the date of this report, the following rights to acquire an equivalent number of ordinary shares in the Company under the various employee equity schemes are outstanding:

Share Plan	Rights on Issue	Expiry Date
Seven West Media Equity Incentive Plan (2016 LTI)	3,473,305	1 September 2018
Seven West Media Equity Incentive Plan (2018 LTI)	3,634,401	1 September 2020

Rights were granted for nil consideration. None of the rights currently on issue entitle the holder to participate in any share issue.

During the financial year, no rights vested and 1,328,845 rights lapsed.

There are no other unissued shares or interests under options as at the date of this report.

For names of the Directors and Key Management Personnel who currently hold rights through these schemes, refer to the Remuneration Report.

### Dividends – Seven West Media Limited

Dividends paid to members during the financial year were as follows:

	2018 \$'000	2017 \$'000
Final ordinary dividend for the year ended 24 June 2017 of 2 cents (2016 – 4 cents) per share paid on 18 October 2017	30,161	60,283
Interim ordinary dividend for the year ended 30 June 2018 was nil cents (2017 – 2 cents)	–	30,161
	<b>30,161</b>	<b>90,444</b>

In addition to the above dividends, since the end of the 2018 financial year the Directors have declared the payment of a final ordinary dividend of nil cents per share.

### Environmental regulation

The Group's major production facilities do not require discharge licences under the Environmental Protection Act 1986 and no formal reporting is required to either the Environmental Protection Authority or the National Pollutant Inventory.

### Greenhouse gas and energy data reporting requirements

The Group continues to measure and monitor its Greenhouse Gas emissions under the *National Greenhouse and Energy Reporting Act (2007)*. The Group is actively working towards reduction of direct emissions from the consumption of fuels (Scope 1) and indirect emissions from electricity consumption (Scope 2) reportable under NGER, as well as Scope 3 voluntary emissions where possible and practical for the business units.

There are no other particular and significant environmental regulations under the law of the Commonwealth or of a State or Territory for the Group.

### Directors' interests in securities

The relevant interests of each Director in shares and rights issued by the Company, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report are as follows:

	Performance Rights	Number of ordinary shares
<i>Directors</i>		
KM Stokes AC	–	619,753,734
T Worner	4,068,867	293,810
JH Alexander	–	55,768
T Dyson	–	–
D Evans	–	927,803
PJT Gammell	–	329,216
JG Kennett AC	–	75,000
M Malone	–	133,000
RK Stokes	–	240,466
M Ziegelaar	–	–

### Remuneration report

A remuneration report is set out on the pages that follow (pages 62 to 88) and forms part of this Directors' Report.

### Indemnity and insurance of directors and officers

The Constitution of the Company provides an indemnity to any current and former Director, Alternate Director and Secretary of the Company against any liabilities incurred by that person arising out of the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company, except where the liability arises out of conduct involving a lack of good faith.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

No amounts were paid and no actions were taken pursuant to these indemnities during the year.

During the financial year, the Company paid a premium in respect of a contract insuring all Directors and officers (including employees) of the Company and of related bodies corporate against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

### Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Amounts paid or payable by the Group to the auditor, KPMG, for non-audit services provided during the year were \$219,756. The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management decision making capacity for the group, acting as an advocate of the group or jointly sharing the risks and rewards.

The Lead auditor's independence declaration is set out on page 89 and forms part of the Directors' Report for the financial year ended 30 June 2018.

### Rounding of amounts

The Group is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest one thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



**KM Stokes AC**  
*Chairman*

Sydney  
21 August 2018

# Remuneration Report

## Message from the Remuneration & Nomination Committee

Dear Shareholder

Seven West Media is pleased to present its Remuneration Report for the 2018 financial year (FY18), which sets out remuneration information for Key Management Personnel (KMP) and Non-Executive Directors.

### Introduction

At Seven West Media (SWM), we believe an effective remuneration framework enables all stakeholders to measure executive pay and performance against meaningful metrics indicative of the Company's success. To achieve this, we must give significant consideration to the long and short-term returns of our shareholders.

In recent years we have sought feedback from stakeholders to align our remuneration framework.

Accordingly, we have changed our remuneration framework to respond appropriately to both out-performance and underperformance in the execution of our business strategy by simplifying the framework and disclosure such that it is aligned, accountable and transparent.

### Changes to our Remuneration Framework

Our remuneration framework has three components: Fixed remuneration, Short Term Incentive (STI) and Long Term Incentive (LTI), the latter two being comprehensively reviewed and amended by the Board over the past year. These changes included:

- the implementation of our new STI Plan in FY17, with the award of the first Restricted Shares in FY18 in respect of FY17 STI awards. For Executives that were STI entitled, 50 per cent was delivered in cash and 50 per cent was deferred into Restricted Shares for a period of 12 months. In FY18, we bolstered our STI Plan Scorecard Key Performance Indicators (KPIs) emphasising fewer metrics and aligning them more closely with our business strategy in five key areas: Financial, Audience & Customer, Content & Product, Operational and People & Leadership; and
- an immediate transition to our new LTI Plan in FY18 with no retrospectivity. The new LTI Plan achieved a majority of votes at the Company's 2017 Annual General Meeting (AGM). This is a more simplified LTI Plan, which is performance-vested. Performance Rights are rights to receive shares and the quantity that vests is dependent on corporate performance over the following three-year measurement period.

As a result, our 2018 LTI Plan includes a new performance measure based on Total Shareholder Return (TSR) relative to the S&P/ASX 200 Consumer Discretionary Index. We believe that the performance measure and targets of the new LTI Plan are better aligned to the Company's business strategy. We will continue to ensure that a sensible level of executive remuneration is at-risk and share-based within the markets in which we operate.

We are thankful to our shareholders and management team for their continued engagement throughout the process and appreciate our shareholders' willingness to provide us with their insight. As part of our simplification process, we have also worked to provide shareholders with a clear and concise summary of our remuneration framework. This more concise disclosure allows for better understanding of our executive remuneration framework and how it is evolving, supports the execution of our business strategy, is compliant with regulatory obligations and addresses the need for transparency with shareholders.

### 2018 MD & CEO and Executive KMP Remuneration and Performance

The Board assesses the performance of the Group, the Managing Director & Chief Executive Officer (MD & CEO) and other Executive KMP at the end of each performance year. The assessments include a review of performance against annual targets and progress towards achieving longer term strategic goals.

The FY18 result for the Company reflects the strong recovery in Seven's broadcast ratings, while exceeding cost reduction targets and implementing a series of cost projects which will continue to deliver benefits in future years. The Company successfully launched 7plus during the year, the digital platform for the long-form content returned as part of our exit from the Yahoo7 Joint Venture. The Earnings Before Interest and Tax (EBIT) result for the year was at the upper end of market guidance and net debt was well below target resulting in EBITDA leverage of 2.3 times. This EBIT outcome fell within the 90 to 94 per cent target range. The Company has maintained a strong cost management discipline, achieved sound risk management and compliance outcomes, and increased the strength and flexibility of the balance sheet.

In relation to 'at risk' reward, we set stretching yet achievable objectives and targets for each Executive. When Executives deliver on-target performance at a Group and individual level (taking into account the Company's values and risk/compliance standards), then variable awards are likely to be around the target:

- For FY18, STI outcomes averaged 28 per cent of target, with significant differentiation at an individual level (ranging from 18 per cent to 40 per cent of target).



- The Performance Rights awarded in September 2015 were tested in September 2017. As both the relative TSR and Diluted Earnings Per Share (DEPS) performance hurdles were not met, these Performance Rights lapsed and Executives received no value from this award.

During the Company's executive remuneration review, the Board determined that no changes be made to the remuneration levels for the MD & CEO and other Executive KMP.

Details concerning FY18 executive remuneration arrangements and the performance-linked remuneration outcomes for FY18 are set out in this Remuneration Report. Full details of the STI and LTI Plans are set out in Section 6 of this Report.

Our MD & CEO, Mr. Tim Worner's decisions and achievements increased SWM's long-term growth potential and sustainability. Examples of the Company's strategic and operational excellence for 2018 include:

- Seven: Record-breaking second half ratings resulting in the position of Number 1 Network, Channel, and Multi-Channel for Total People during the year;
- 7Sport: Secured the rights to the dominant Summer sport, Cricket, which combined with existing rights to AFL provide long-term audience certainty.
- Seven Digital: 7plus launched during the year delivering a rapidly scaling Unique Audience and securing a 42.1 per cent commercial share of the high-growth Broadcast Video On-Demand (BVOD) market.
- Seven Studios: International earnings growth delivered record EBIT, growing by 8 per cent.
- The West: Providing unparalleled reach to West Australians with revenue trends significantly improving in the second half of the year.
- Pacific: Reduced the cost base by 20 per cent resulting in EBIT growth of 175 per cent, the highest earnings since FY15.

Mr. Worner's 2017 and 2018 remuneration is tabled at the Sections 5 and 6 of the Report.

### Changes to Non-Executive Director Fees

At the Company's 2017 AGM, the Board announced a 20 per cent reduction of its fees which took effect from 3 November 2017 for the remainder of the financial year, aligning with the Company's cost transformation initiatives. In recognition of the Company's cost management achievements during the year, from 1 July 2018 Non-Executive Director fees were reinstated to the fees in place prior to the reduction announced at the 2017 AGM.

### Changes to Key Management Personnel and Non-Executive Directors

- Ms Bridget Fair, Group Chief – Corporate and Regulatory Affairs, resigned from the Company effective 1 February 2018.
- Dr Michelle Deaker, Non-Executive Director, resigned from the Company on 2 November 2017.
- Ms Teresa Dyson, Non-Executive Director, joined the Company on 2 November 2017.
- Mr Michael Ziegelaar, Non-Executive Director, joined the Company on 2 November 2017.

Following the departure of Ms Fair, the Company re-evaluated the role of Group Chief – Corporate and Regulatory Affairs and consequently this role ceased to be a Key Management Personnel role on 1 February 2018.

### Outlook

The operational changes made in the financial year position the Company to be more competitive and fit for the modern media landscape. The Company's EBIT is projected to grow in FY19 with an ongoing focus on ratings leadership, revenue share, the delivery of cost savings and strengthening of the Company's balance sheet.

The changes to our new remuneration framework have taken full effect during FY18 and will further enhance shareholder alignment and comparability to peers while enabling the Company to attract and retain the highest calibre executives. In addition, we have incorporated shareholder feedback into our corporate messaging and governance. We are making efforts in FY19 to improve further investor engagement including from Board members. We are committed to prioritising the interests of our shareholders and encourage and value your feedback.

On behalf of the Board, I invite you to read our refreshed Remuneration Report which will be presented to shareholders for adoption at the 2018 Annual General Meeting.

Thank you for your support and continued interest in the ongoing success of Seven West Media.

Yours faithfully



**John Alexander**  
Remuneration & Nomination Committee Chairman

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## 1. Introduction

This Report describes the remuneration arrangements for the Key Management Personnel (KMP) of Seven West Media Limited as defined in AASB 124 *Related Party Disclosures*, including Non-Executive Directors, the Managing Director and Chief Executive Officer (MD & CEO), and other Executives (including Executive Directors) (hereafter referred to in this Report as Executive KMP) who have authority for planning, directing and controlling the activities of the Group. The KMP for the financial year are set out below.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. It forms part of the Directors' Report.

## 2. FY18 Key Management Personnel Covered by this Report

The KMP whose remuneration is disclosed in this year's Report are:

KMP	Position	Term as KMP
<b>Non-Executive Directors (NEDs)</b>		
KM Stokes AC	Chairman	Full Year
JH Alexander	Director	Full Year
T Dyson	Director	Part Year – Appointed 2 November 2017
D Evans	Director	Full Year
PJT Gammell	Director	Full Year
JG Kennett AC	Director	Full Year
M Malone	Director	Full Year
RK Stokes	Director	Full Year
M Ziegelaar	Director	Part Year – Appointed 2 November 2017
<b>Former Non-Executive Directors (NEDs)</b>		
ME Deaker	Director	Part Year – Resigned effective 2 November 2017
<b>Managing Director &amp; Chief Executive Officer (MD &amp; CEO) and Executive KMP</b>		
TG Worner	Managing Director & Chief Executive Officer	Full Year
KJ Burnette	Chief Revenue Officer	Full Year
CR Dickens	Chief Digital Officer	Full Year
WO Lynch	Chief Financial Officer	Full Year
KA McGrath	Group Executive, Human Resources	Full Year
BI McWilliam	Commercial Director	Full Year
<b>Former Executive KMP</b>		
BC Fair	Group Chief – Corporate and Regulatory Affairs	Part Year – Resigned effective 1 February 2018

### 3. Executive Remuneration – The Short Read

Key Features	Details of Seven West Media's Approach	Further Information
<b>Executive Remuneration in FY18</b>		
1. How is Seven West Media's performance reflected in this year's remuneration outcomes?	<p>Seven's remuneration outcomes are strongly linked to the delivery of sustainable shareholder value over the short and long-term.</p> <p><b>Short Term Incentive (STI):</b> The Company's underlying Earnings Before Interest and Tax (EBIT) result of \$235.6m fell within the 90 to 94 per cent range of budget. This, coupled with the delivery of strategic objectives on our scorecard, resulted in a corresponding award of STI.</p> <p><b>Long Term Incentive (LTI):</b> The three-year performance period for the FY15 LTI grant completed on 30 June 2018. The FY15 LTI was divided into two components, with 50 per cent tested against relative TSR performance and the other 50 per cent tested against DEPS targets, both over a three-year period. The Company's DEPS performance did not meet target. Also, the Group's relative TSR performance fell below the median of the comparator group. As a result, both components of the FY15 LTI did not vest for all Executive KMP. The Board is committed to ensuring Executives' remuneration links to the achievement of sustainable value for shareholders and therefore will continue to use TSR for the FY19 LTI grant for the Executive KMP</p>	<p>Section 5 Pages 69–72</p> <p>Section 8 Pages 80</p>
2. What changes have been made to the remuneration framework in FY18?	<p><b>LTI:</b> During FY17, the Company commenced a review of its incentive framework. The review of the STI and LTI plans was undertaken on the basis that there are opportunities for improvement including:</p> <ul style="list-style-type: none"> <li>▪ Enhanced alignment between executive and shareholder interests;</li> <li>▪ Simplification of the STI and LTI plans;</li> <li>▪ Drive performance aligned to the business strategy;</li> <li>▪ Increase individual accountability;</li> <li>▪ Drive an ownership mindset; and</li> <li>▪ Retention of key Executives.</li> </ul> <p>Effective for the FY18 performance year, the key changes of the LTI Plan were approved by shareholders at the Company's 2017 AGM in the context of the approval of the MD &amp; CEO's LTI award for FY18:</p> <ul style="list-style-type: none"> <li>▪ Removal of the DEPS performance hurdle;</li> <li>▪ Move to a single, more straightforward relative TSR performance hurdle;</li> <li>▪ Change of the TSR comparator group to an ASX index (S&amp;P/ ASX 200 Consumer Discretionary Index); and</li> <li>▪ Introduction of an individual performance condition.</li> </ul> <p><b>STI:</b> There were no further changes to the STI methodology.</p> <p><b>Fixed Remuneration:</b> Fixed remuneration levels for the MD &amp; CEO and Executive KMP remain unchanged.</p>	<p>Section 6 Pages 77–79</p>
3. Are any changes planned for FY19?	<p>No. There are no significant changes planned for FY19. However, in line with previous years, the Board will review and adjust (if necessary) the threshold and stretch performance levels for the performance objectives applicable to the STI and LTI awards.</p>	<p>Section 6 Page 73</p>
<b>Executive Remuneration Framework</b>		
4. What is Seven West Media's remuneration strategy relative to the market?	<p>Fixed and variable remuneration strategy is aimed at the market median, with remuneration opportunities for outstanding performance extending up to the upper quartile of the market.</p>	<p>Section 6 Page 74</p>
5. What proportion of remuneration is "at risk"?	<p>Executive KMP remuneration is broadly evenly distributed between fixed remuneration and on performance which is therefore at risk. The remuneration package for the MD &amp; CEO is 50 per cent performance-related pay, and for Executive KMP the remuneration package is 43 per cent performance-related pay.</p>	<p>Section 6 Page 74</p>

Key Features	Details of Seven West Media's Approach	Further Information
6. Are there any claw-back provisions for incentives?	Yes. If there is a material financial misstatement, any unvested LTI or deferred STI awards can be clawed back.	Section 6 Page 75
<b>Short Term Incentives (STI)</b>		
7. Are any STI payments deferred?	Yes. 50 per cent of the STI award for the MD & CEO and Executive KMP is deferred into Restricted Shares which vest after 12 months. If the Executive resigns or their employment is terminated for cause before the vesting period ends, the shares do not vest and are forfeited.	Section 6 Page 75
8. Are STI payments capped?	Yes. An Executive's STI is capped at the STI target, achievable only in circumstances of both exceptional individual and Group performance.	Section 6 Page 75
<b>Long Term Incentives (LTI)</b>		
9. What are the performance measures for the LTI?	100 per cent subject to relative TSR with an individual performance condition, with the Board having discretion to ensure vesting outcomes are appropriately aligned to performance.	Section 6 Pages 77–78
10. Are there any restrictions imposed on disposal of LTI awards?	Yes. There is a restriction imposed on the sale and use of shares after vesting until the earliest of the following: <ul style="list-style-type: none"> <li>▪ The date the holder ceases employment with Seven West Media;</li> <li>▪ The one-year anniversary of the vesting date (or subsequent anniversaries if elected by the award holder); or</li> <li>▪ The Board determines that the holding lock should be released.</li> </ul>	Section 6 Page 78
11. Does the LTI have re-testing?	No. There is no re-testing.	Section 6 Page 78
12. Are dividends paid on unvested LTI awards?	No. Dividends are not paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.	Section 6 Page 78
13. Is the size of LTI grants increased in light of performance conditions?	No. There is no adjustment to reflect the performance conditions. The grant price for allocation purposes is not reduced based on performance conditions. Seven uses a 'face value methodology' for allocating Performance Rights to each Executive KMP, being the average share price for the month leading up to grant, discounted for the assumed value of dividends not paid during the three-year performance period.	Section 6 Pages 77–78
14. Can LTI participants hedge their unvested LTI?	No. This is prohibited.	Section 4 Page 69  Section 6 Page 79
15. Does Seven West Media buy shares or issue new shares for share-based awards?	For deferred STI awards, shares are purchased on-market. For LTI awards, the Board has discretion to issue new shares or buy shares on-market.	Section 6 Page 75
16. Does Seven West Media issue share options?	No. Seven uses Restricted Shares for the deferred STI and Performance Rights for LTI awards.	Section 6 Page 77
<b>Executive Service Agreements</b>		
17. What is the maximum an Executive can receive on termination?	Executive KMP termination entitlements are limited to 12 months' fixed remuneration.	Section 6 Page 80

## 4. Remuneration Governance

### 4.1 Role of the Remuneration and Nomination Committee

The primary objective of the Remuneration and Nomination Committee (the Committee) is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Group's people strategy including remuneration components, performance measurements and accountability frameworks, recruitment, engagement, retention, talent management and succession planning.

The Committee's duties and responsibilities are:

- Undertake an annual review of the Company's remuneration strategy and Remuneration Policy to facilitate understanding of the overall approach to remuneration, and to confirm alignment with the Company's business strategy, high standards of governance and compliance with regulatory standards;
- Review and recommend to the Board for approval, remuneration arrangements and conditions of service for the MD & CEO and Executive KMP. The Committee reviews the arrangements on an annual basis against the Remuneration Policy, obtaining independent external remuneration advice where appropriate;
- Establish the policy for the remuneration arrangements for Non-Executive Directors, reviewing remuneration arrangements annually and obtaining independent external remuneration advice where appropriate. The Committee recommends to the Board the Non-Executive Director remuneration, within the aggregate approved by shareholders;
- Undertake an annual review of the Company's performance management practices to confirm the integrity of its processes from designing executive incentive plans, approval of awards to making incentive-based payments under such plans. The Committee establishes the performance hurdles associated with the Incentive plans, and verifies compliance with vesting or exercise requirements for equity-based rewards; and
- Review and recommend to the Board for approval the Remuneration Report and any other report required to be produced for shareholders to meet regulatory requirements.

The Committee has a strong focus on the relationship between business performance, risk management and remuneration. During the year, the Committee met on five occasions and reviewed and approved or made recommendations to the Board on matters including:

- Remuneration review for the MD & CEO and other senior Executives (broader than those disclosed in the Remuneration Report) covered by the Company's Remuneration Policy;
- The design of significant variable remuneration plans, such as the Seven West Media Long Term Incentive Plan;
- The Company's performance framework (objectives setting and assessment) and annual variable remuneration spend;
- Performance and remuneration outcomes for key senior Executives;
- Approval of Executive KMP and other senior executive appointments and terminations;
- The effectiveness of the Company's Remuneration Policy;
- Succession plans for senior Executives; and
- Diversity, employee engagement, and health, safety and wellbeing.

The Committee reviews its Charter at least once in each financial year. The Corporate Governance Statement on page 45 to 57 provides further information on the role of the Committee.

#### 4.2 Members of the Remuneration and Nomination Committee During FY18

During FY18, the members of the Remuneration and Nomination Committee were:

- Mr JH Alexander, Chairman
- Mr D Evans
- Mr JG Kennett, AC
- Mr RK Stokes

#### 4.3 Services from External Remuneration Consultants

External consultants and advisors are engaged as needed to provide independent advice. The requirements for external consultants' services are assessed annually in the context of remuneration matters that the Committee requires to address. Recommendations provided by external consultants are used as a guide.

In early FY18, the Committee retained Ernst & Young ("EY"), an independent remuneration consultant, to report on peer Board and Executive remuneration arrangements, provide feedback on remuneration framework alternatives being considered by the Company, and to assess TSR performance for the Company's FY15 Long Term Incentive Plan.

In the course of providing this information, the Board is satisfied that EY did not make any remuneration recommendations relating to KMP as defined by the Corporations Act.

The Company also participates in and uses both the Mercer Total Remuneration Survey, administered by Mercer (Australia) Limited, and Aon Hewitt's Media & Publishing Industries (Australia) Remuneration Survey for purposes of benchmarking executive and employee remuneration.

#### 4.4 Security Trading Policy

##### *Hedging Prohibition*

All deferred equity must remain 'at risk' until it has fully vested. Accordingly, Executives and their associated persons must not enter into any schemes that specifically protect the unvested value of equity allocated. If they do so, then they forfeit the relevant equity.

### 5. Executive Remuneration Outcomes During the FY18 Performance Year

#### 5.1 Executive Remuneration Earned and Vested

The purpose of this table is to provide a summary of the actual remuneration outcomes received in either cash or vested equity received by the MD & CEO and Executive KMP in relation to the FY18 performance year as cash, or in the case of prior equity awards, the value which vested in FY18. The final column shows the value of prior equity awards which lapsed in 2018 (these awards reflect the 2015 Performance Rights which failed to meet the performance hurdles when tested in September 2017).

Only the cash component of the FY18 STI award appears in this table, as the other component is deferred. Due to this, the values in this table will not reconcile with those provided in the statutory disclosures in Section 6. For example, the statutory disclosures table has been prepared in accordance with Australian Accounting Standards (AAS) and discloses the value of LTI grants which may or may not vest in future years, whereas this table discloses the value of LTI grants from previous years which vested in FY18.

	Financial Year	Fixed Remuneration <sup>1</sup> \$	Other Remuneration <sup>2</sup> \$	2018 STI Cash Payment \$	2018 Total Cash Payments <sup>3</sup> \$	Prior Year Equity Awards Vested during 2018 <sup>4</sup> \$	Prior Year Equity Awards Lapsed/ Forfeited during 2018 <sup>4</sup> \$
<b>Managing Director &amp; Chief Executive Officer</b>							
TG Worner	2018	2,441,028	89,282	179,400	2,709,710	–	(412,500)
	2017	2,610,381	130,454	–	2,740,835	–	(687,143)
<b>Executive KMP</b>							
KJ Burnette	2018	1,192,106	49,273	56,688	1,298,067	–	(95,192)
	2017	1,182,306	86,943	37,500	1,306,749	–	(158,571)
CR Dickens	2018	516,652	35,128	36,850	588,630	–	(19,197)
	2017	528,270	33,533	31,797	593,600	–	–
WO Lynch	2018	694,106	40,344	71,594	806,044	–	–
	2017	702,595	31,688	43,047	777,330	–	–
KA McGrath	2018	446,488	27,159	44,888	518,535	–	–
	2017	31,704	3,307	–	35,011	–	–
BI McWilliam <sup>5</sup>	2018	753,888	35,106	38,878	827,872	–	(87,260)
	2017	818,076	78,747	46,407	943,230	–	(145,357)
<b>Former Executive KMP</b>							
BC Fair <sup>6</sup>	2018	312,967	26,271	–	339,238	–	(43,630)
	2017	509,230	38,369	38,672	586,271	–	(66,071)
<b>Total</b>	<b>2018</b>	<b>6,357,235</b>	<b>302,563</b>	<b>428,298</b>	<b>7,088,096</b>	<b>–</b>	<b>(657,779)</b>
	2017	6,382,562	403,041	197,423	6,983,026	–	(1,057,142)

1. Fixed remuneration is the total cost of salary, salary-sacrificed benefits (including associated fringe benefits tax (FBT)) and an accrual for annual leave entitlements. The accounting value may be negative where an Executive's annual leave balance decreases as a result of taking more than the leave accrued during the year. The 2017 figures have been restated to the current year's presentation.
2. Other remuneration includes the cash value of non-monetary benefits, superannuation, long service leave entitlements and any fringe benefits tax payable on non-monetary benefits. The elements of other remuneration are valued consistently with the equivalent benefits included in the statutory disclosure table in Section 6 of the Report.
3. Refers to the total value of remuneration earned during FY18, being the sum of the prior columns.
4. Refers to equity-based plans from prior years that have vested or been lapsed/ forfeited in the current year. The value is calculated using the five-day Volume Weighted Average Price (VWAP) of Company shares on the vesting lapse/ forfeiture date.
5. Excludes cash salaries and fees charged by Seven West Media Limited to Seven Group Holdings Limited for the provision of services to Seven Group Holdings by BI McWilliam in a Company to Company agreement.
6. No other termination benefits were paid to BC Fair other than annual leave and long service leave entitlements.

## 5.2 Summary of STI Outcomes

### *How the Group's Performance was Assessed for the 2018 Financial Year*

The FY18 STI pool reflects the overall assessment of Group performance. The framework provides a set of Key Performance Indicators (KPIs) which are used to assess the quality of the outcomes delivered against the Group's strategic goals.

The individual KPIs and FY18 achievements as determined by the Remuneration and Nomination Committee for the MD & CEO are provided in the following table.



Strategic Objective	Description of Measure	Weighting	Actual Performance Range					Commentary on Performance
			Below Threshold	Threshold to Target	Target	Target to Stretch	Stretch	
<b>Financial</b>	<ul style="list-style-type: none"> <li>Group Revenue Target</li> <li>Underlying EBIT Target</li> <li>Target Net Debt</li> </ul>	40%		✓				The full year underlying EBIT result of \$235.6m at 94 per cent of budget was within threshold to target. The net debt outcome exceeded target and Group revenues improved significantly in the second half of the year.
<b>Audience &amp; Customer</b>	<ul style="list-style-type: none"> <li>Free-to-Air (FTA) &amp; Revenue Target Share</li> <li>West Australian Newspapers (WAN) &amp; Pacific Magazines</li> <li>Total Audience Targets</li> <li>Streaming Minutes Target</li> </ul>	15%			✓			<p>Seven retained position as the Number 1 rating Network for the full financial year and secured a record-breaking 41.6 per cent commercial Free-To-Air (FTA) share in the second half of the year.</p> <p>A 39.9 per cent revenue share was also achieved in the second half of FY18.</p> <p>All streaming minutes targets were exceeded during the year.</p>
<b>Content &amp; Product</b>	<ul style="list-style-type: none"> <li>Target Growth in Content Produced for Seven</li> <li>Target Growth in Content Produced for Third Parties</li> <li>Launch of New Internally-created Programming</li> <li>Launch of New Digital Product</li> </ul>	15%				✓		<p>Seven produced more content for use across its own channels than ever before including the launch of a number of new productions.</p> <p>International earnings growth delivered record Seven Studios EBIT, up 8 per cent during the year.</p> <p>7plus (long form streaming platform) launched and scaled to 2.6 million monthly average unique audience (UA) in the first 6 months, resulting in 100 per cent year-on-year growth in Seven's digital advertising revenue.</p> <p>Seven secured the Australian Cricket rights until 2024, adding to AFL and giving the Network the rights to the Number 1 Summer and Winter sports.</p>
<b>Operational</b>	<ul style="list-style-type: none"> <li>Target Cost Reductions</li> <li>Efficiency Projects Delivery</li> </ul>	20%					✓	<p>Cost out exceeded target leading to \$21m net cost reduction and 7 per cent headcount reduction.</p> <p>Key efficiency projects including industry Payout Joint Venture and Sydney building consolidation.</p> <p>Pacific reduced costs by 20 per cent, growing EBIT by 175 per cent.</p>
<b>People &amp; Leadership</b>	<ul style="list-style-type: none"> <li>Staff Development &amp; Performance</li> <li>Target Safety Metric Improvement</li> <li>Remuneration &amp; Industrial Relations Strategy</li> </ul>	10%					✓	<p>A new Performance and Development Framework was implemented, providing greater alignment to the Group's strategy.</p> <p>Exceeded target on all safety metrics including significant cost reduction.</p> <p>Key milestones met in the Group's Industrial Relations reform.</p>

The STI measures are designed to align individual performance to the achievement of the Company's strategy and the increase of shareholder value.

The financial measures reward Executives on the Company's financial performance. Revenue and EBIT targets were determined to be the most effective measures of the current year's operating performance. Given the Company's focus on increasing balance sheet strength and flexibility, it was also appropriate to include a target net debt outcome.

Other strategic objectives reflected in the performance measures for the year included audience targets, continued growth in content production and monetisation, reduction in operating expenditure and staff development and performance.

### 5.3 Equity Granted to the MD & CEO and Executive KMP

For the FY18 STI awards, 50 per cent will be granted as Restricted Shares to Executives under the STI Plan on or about 1 September 2018. The estimated number and fair value of the Restricted Shares at 29 June 2018 is based on 50 per cent of the STI awards.

Name	FY18 Deferred STI <sup>1</sup> \$	FY18 LTI <sup>2</sup> \$	Total \$	Estimated Number of Restricted Shares	Estimated Fair Value Per Restricted Share at Grant Date	Number of Shares Vested During FY18	Financial Year in which Grant Vests
TG Worner	179,400	1,300,000	1,479,400	213,571	\$0.84	–	June 2020
KJ Burnette	56,687	312,500	369,187	67,485	\$0.84	–	June 2020
CR Dickens	36,850	137,500	174,350	43,869	\$0.84	–	June 2020
WO Lynch	71,594	181,250	252,844	85,231	\$0.84	–	June 2020
KA McGrath	44,887	112,500	157,387	53,438	\$0.84	–	June 2020
BI McWilliam	38,878	275,000	313,878	46,283	\$0.84	–	June 2020

1. The column reflects the number of Restricted Shares that will be granted with respect to the FY18 deferred STI in September 2019. 50 per cent of the FY18 deferred award is recognised in FY18 and 50% will be recognised in FY19. Restricted Shares are not subject to any further performance conditions except continued employment. Note that during FY18, Restricted Shares in respect of FY17 STI awards were allocated.
2. Subject to performance conditions and due to vest 1 July 2020.

### 5.4 MD & CEO and Executive KMP STI Outcomes

The Board approved the MD & CEO and the Executive KMP's FY18 STI outcomes. In doing so, it considered the performance of the individual, the business and overall Company performance.

At the start of each year, stretching yet achievable performance objectives are set for the MD & CEO and Executive KMP. When Executives deliver on-target performance at a Company and individual level (taking into consideration the Company's values and compliance standards), then STI awards are likely to be around the target.

At year end, each Executive's performance is assessed against their objectives for the year, and also taking into consideration compliance standards and their demonstration of the Company's values. The MD & CEO assesses the performance of the Executive KMP and makes recommendations to the Remuneration and Nomination Committee. The Committee assesses the performance of the MD & CEO and makes recommendations to the Board on both the MD & CEO and the Executive KMPs' performance and remuneration outcomes.

The average STI outcome for Executive KMP is 28 per cent of target (where target represents an Executive's maximum STI opportunity for the year), which is well aligned with the Company's overall performance. The STI differentiation at an individual level ranges between 18 per cent to 40 per cent of target. The differentiation in outcomes reflects the relative performance of each division and individuals, and demonstrates the 'at risk' nature of STI. These outcomes demonstrate a clear link between performance and reward at both a Company and individual level for the 2018 financial year. Further details are provided in Section 6 of the Report.

## 5.5 Summary of LTI Outcomes

The vesting outcomes for the FY15 LTI grant to the MD & CEO and other Executive KMP that reached the completion of the performance period during FY18 are shown below.

Performance Measure	Performance Start Date	Test Date	Performance Range		Outcome	% Vested	% Lapsed
			Threshold	Maximum			
TSR (50% of Award)	1 July 2014	30 June 2017	51st Percentile	75th Percentile	TSR of -48.1% (ranked at 3.3rd percentile)	0%	100%
DEPS (50% of Award)	1 July 2014	30 June 2017	50th Percentile	75th Percentile	DEPS (excluding significant items) of 40.8 cents	0%	100%

## 6. Executive Remuneration – The Details

### Composition of Executive Remuneration and Application of Remuneration Principles

Executive remuneration is determined by the Remuneration and Nomination Committee and, for the MD & CEO, is recommended to the Board for their approval. Executive remuneration comprises both a fixed component and a variable (or “at risk”) component which comprises separate STI and LTI elements. These components are explained in detail below.

The remuneration level for the MD & CEO, Mr Tim Worner, has not changed since Mr Worner’s commencement as Chief Executive Officer on 1 July 2013.

The Company’s remuneration is linked to the drivers of our business strategy, helping to create sustainable value for shareholders. The Company’s remuneration strategy is designed to support and reinforce its business strategy. The ‘at-risk’ components of remuneration are tied to measures that reflect the successful execution of our business strategy in both the short and long-term. Our strategic drivers are reflected in both STI and LTI performance measures which demonstrates that actual performance directly influences what Executives are paid.

### 6.1 Executive Remuneration Framework

The approach taken to remuneration is to ensure remuneration packages appropriately reflect Executives’ duties, responsibilities and performance against objectives, as well as ensuring that remuneration appropriately attracts and motivates people of the highest quality, having particular regard to the relative scarcity of suitably qualified executive talent in the Australian media and entertainment industry, and the complexity of the Seven West Media business relative to its direct media peers.

In structuring remuneration, the Board aims to find a balance between fixed remuneration and ‘at risk’ variable remuneration; cash and deferred equity; and short, medium, and long-term rewards in line with the Company’s performance cycle.

The remuneration framework is outlined in the table below and explained in detail in Section 6 of the Report.

The remuneration framework is outlined in the table below and explained in detail in Section 6 of the Report.

Remuneration Policy and Objectives			
<b>Seven West Media's remuneration framework is designed to:</b>			
Provide market competitive and fair remuneration	Align remuneration with shareholder interests	Enable recruitment and retention of talented employees	Support appropriate culture and employee conduct
			Differentiate pay for performance and behaviour in line with our strategy and vision
			Be simple, flexible and transparent
Executive Remuneration Structure			
	Fixed	At Risk	
Component	Total Employment Remuneration (TER)	Short Term Incentive (STI)	Long Term Incentive (LTI)
<i>Determination</i>	<p>Fixed remuneration is set based on relevant market data relativities, reflecting:</p> <ul style="list-style-type: none"> <li>size and complexity of the role;</li> <li>individual responsibilities and performance; and</li> <li>experience and qualifications.</li> </ul>	<p>STI rewards financial and non-financial performance consistent with the Company's strategy over the short to medium term.</p> <p>STI performance criteria are set by reference to:</p> <ul style="list-style-type: none"> <li>Group EBIT and revenue;</li> <li>strategic programs;</li> <li>audience and customers;</li> <li>people and leadership; and</li> <li>individual performance targets relevant to the specific position.</li> </ul>	<p>LTI ensures alignment of Executive accountability and remuneration outcomes for sustainable long-term growth and shareholder return.</p> <p>LTI targets are linked to the relative Total Shareholder Return (TSR) performance measure and an individual performance condition over a three-year vesting period.</p>
<i>Delivery</i>	<p>Fixed remuneration and superannuation and may include prescribed non-financial benefits at the Executives' discretion on a salary sacrifice basis.</p>	<p>STI is delivered as:</p> <ul style="list-style-type: none"> <li>50% cash; and</li> <li>50% in Restricted Shares, subject to service conditions.</li> </ul>	<p>Equity in Performance Rights. All equity is held subject to service and performance over a three (3) year performance period. The equity is at risk until vesting. Performance is tested once at the vesting date.</p>
<i>Strategic Intent &amp; Market Positioning</i>	<p>Fixed remuneration is positioned around the market median with reference to relevant market-based data in the Australian media and entertainment industry.</p>	<p>Performance incentive is directed to achieving Board approved targets, reflective of market circumstances. Combined, fixed remuneration and STI is intended to be positioned in the 3rd quartile of the relevant benchmark comparisons.</p>	<p>LTI is intended to reward Executive KMP for sustainable long-term growth aligned to shareholders' interests. LTI allocation values are intended to be positioned at the top of the 3rd quartile of the relevant benchmark comparisons.</p>
<i>Target Remuneration Mix</i>	<p>MD &amp; CEO: 50%</p> <p>Executive KMP: 57%</p>	<p>25%</p> <p>29%</p>	<p>25%</p> <p>14%</p>
Total Target Remuneration (TTR)			
<p>TTR is positioned to achieve the remuneration objectives outlined above. Out-performance generates higher reward. The remuneration structure is designed to ensure top quartile Executive KMP remuneration is only achieved if the Company out-performs against stated targets.</p>			

### 6.1.1 Fixed Remuneration

Fixed remuneration is expressed as a total dollar amount which is delivered as cash salary and employer contributions to superannuation funds as well as any ongoing employee benefits on a salary-sacrificed basis. It provides a fixed level of income commensurate with the Executive's role, responsibilities, qualifications, and experience, and is set by considering peer market data.

### 6.1.2 Short-Term Incentive (STI)

STI rewards the achievement of pre-determined, individual and Company Key Performance Indicators (KPIs) over the 12-month performance period which are aligned to and supportive of the Company's annual strategic objectives. STI awards are delivered in cash and deferred shares.

### Short-Term Incentive Plan

The STI Plan is an award used to provide clear motivation to focus on strategically-aligned metrics and goals that can be measured annually. The award reflects the achievement of specific objectives that are based on a rigorous bottom-up budgeting process.

The Company's STI Plan covers employees in executive and senior management positions, including the MD & CEO and Executive KMP. It provides participants with the opportunity to earn an annual incentive, based on the achievement of Company and individual KPIs. Further details on the STI Plan are set out below.

Seven West Media STI Plan	
<b>STI Opportunity</b>	Each Executive's STI opportunity for on-target performance is 50 per cent of fixed remuneration. 'On-target' refers to the STI award opportunity for an Executive who achieves successful performance against all KPIs and where 100 per cent of the Group's underlying EBIT target is achieved. EBIT is defined as the Group's profit before significant items, net finance costs and tax.
<b>Delivery of Awards</b>	<p>50 per cent is paid in cash at the end of the annual Performance and Remuneration Review (usually in the September pay cycle). To support an ownership culture and drive retention outcomes, 50 per cent of the STI award is deferred in the form of Restricted Shares over 12 months.</p> <p>The number of Restricted Shares allocated to each Executive will be determined by dividing the dollar amount of the STI award deferred into Restricted Shares by the average cost per share purchased on market (rounded down to the nearest whole number of shares).</p> <p>The Restricted Shares are usually allocated in September following the end of the relevant financial year and are held on trust on behalf of each Executive, and Executives have entitlements to dividends and voting rights in relation to their Restricted Shares during the vesting period. For disclosure and expensing purposes, we use the one-day Volume-Weighted Average Price (VWAP) to determine the fair value.</p>
<b>Target Opportunity</b>	STI targets for the MD & CEO and Executive KMP are set by the Remuneration and Nomination Committee and approved by the Board at the start of each performance year, based on a range of factors including market competitiveness and the responsibilities of each role. The STI targets for the FY8 performance year did not increase.
<b>Performance Conditions</b>	Performance is measured against risk-adjusted financial targets and non-financial targets which support the Company's strategy. Performance measures are based on performance at Group, divisional and individual level. The deferred STI awards recognise past performance and are not subject to further performance hurdles (other than continued service). Refer Section 5 on the MD & CEO's balanced scorecard.
<b>Assessment of Performance Outcomes</b>	STI outcomes are subject to both a quantitative and qualitative assessment. The Board has the capacity to adjust STI outcomes (and reduce STI outcomes to zero if appropriate) in the assessment process. No downward adjustment was applied to the deferred remuneration of the MD & CEO and Executive KMP during FY18.

### Determination of the STI Pool at Group Level

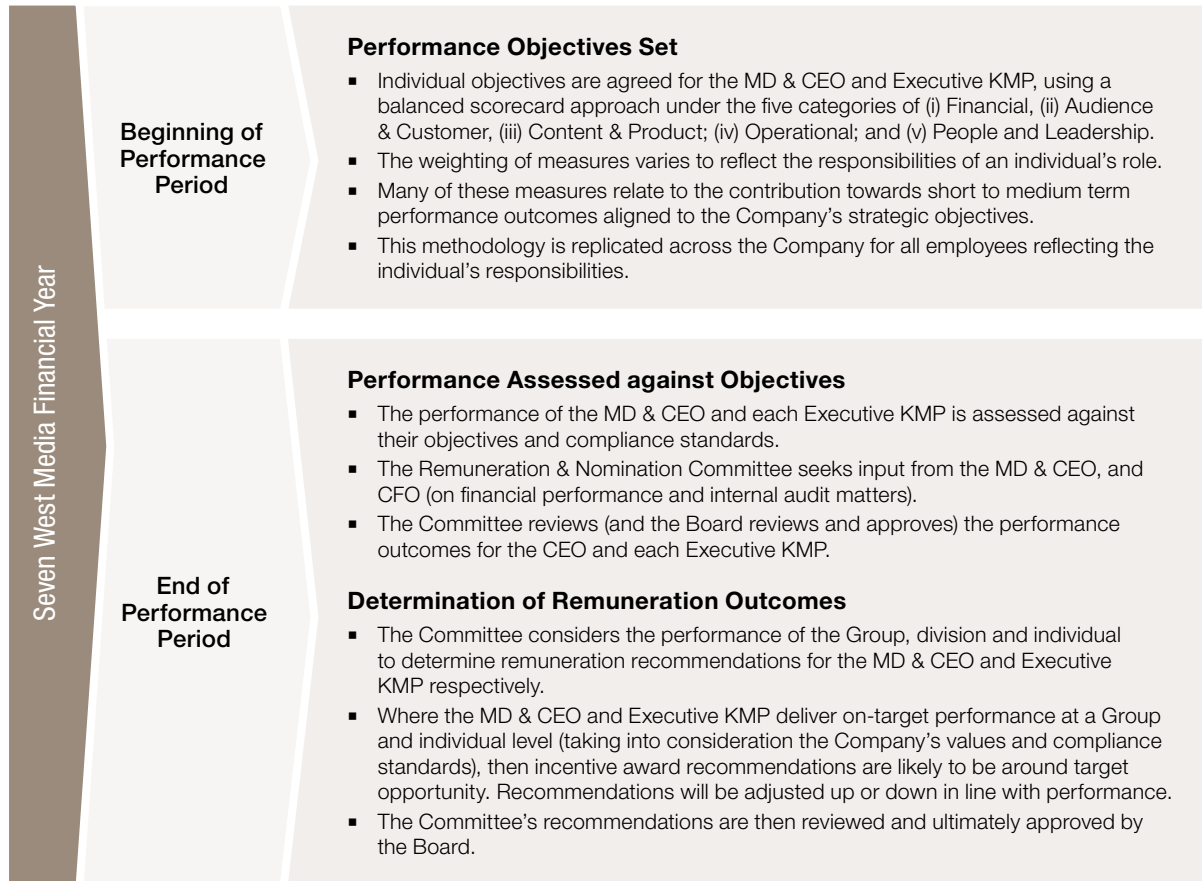
The Company's STI pool is based on performance. The size of the pool available for distribution as STI awards is based on the achievement of the Group's underlying EBIT target set by the Board at the beginning of the financial year and is based on the following table.

Percentage of Group Underlying EBIT Achieved (%)	STI Award Pool Available (% of On-Target)
<90	0%
90–94	25%
95–99	50%
100	100%

The Board retains discretion to not make an STI award available to Executives where such payment is regarded to be inconsistent with the shareholders' interests over the financial year, even if the gateway requirement is achieved.

*Determination of STI at an Individual Level*

At an individual level, STI is designed to focus Executive KMP on key performance measures supporting the Company's business strategy and encourage the delivery of value for shareholders.



**Minimum Individual Performance Measure**

In addition to the financial targets that must be achieved for an STI award to be available, achievement of a minimum individual performance rating is required for an Executive to be eligible for an award under the STI Plan.

**Performance Measurement**

The MD & CEO assesses each Executive's performance at the end of the financial year relative to agreed business and individual targets. Based on this assessment, the MD & CEO makes a recommendation to the Committee for approval.

Based on each Executive's individual performance rating, the MD & CEO may apply a discretionary adjustment or modifier during the performance assessment process. Discretionary adjustments are applicable to individual STI awards and are limited to a 25 per cent increase to the overall award for each Executive, provided the total awarded remains within the incentive pool available based on the achievement of group underlying EBIT. The level of discretionary adjustment applied is based on the Executive's individual performance rating and represents the maximum individual award opportunity for significant out-performance.

The Committee assesses the MD & CEO's performance and makes a recommendation to the Board for approval. The Committee may apply an additional discretionary adjustment based on the MD & CEO's individual performance rating that is limited to the same parameters as for other Executives.

### 6.1.3 Long-Term Incentive (LTI)

LTI rewards performance over the longer term and is designed to encourage sustained performance, drive long-term shareholder value creation and ensure alignment of executive remuneration outcomes to shareholder interests. LTI awards are delivered in the form of Performance Rights subject to Company performance hurdles and individual service conditions being met.

#### *Long-Term Incentive Plan*

The LTI Plan is a means to align incentive pay with specific corporate results measured over three years. LTI Plan metrics and peers are approved by the Board for the beginning of the three-year performance period and are performance-granted with vesting following the end of the performance period.

#### *New LTI Plan in FY18*

During FY8, the Remuneration and Nomination Committee reviewed the Executive Remuneration Framework to ensure it supports the achievement of the Company's strategic objectives. The review considered a range of factors including market practice, changes in market conditions, regulatory developments, feedback from shareholders and proxy advisors, and our overarching remuneration principles. Following the review, the Board decided to:

- Remove the DEPS performance hurdle to alleviate the difficulty of setting appropriately challenging DEPS targets in the current volatile business environment;
- Selected a single, more straightforward relative TSR performance hurdle, measuring the Company's TSR against the S&P/ASX 200 Consumer Discretionary Index as it includes companies in the media industry and other consumer-focused sectors such as services, hospitality, travel and leisure. The previous TSR performance hurdle measured the Company's TSR performance against a group of selected companies of a similar market capitalisation but included businesses which were not appropriate comparators to the Company; and
- Incorporate an individual performance hurdle to further align executive remuneration outcomes with performance.

The FY18 TSR hurdle will be measured from 1 July 2017 to 30 June 2020.

*Key Terms of FY18 LTI Awards*

The new LTI grant was awarded at the beginning of the FY18 performance year. Key features of the Plan are provided in the following table.

<b>Seven West Media Long-Term Incentive Plan</b>											
<b>What is granted?</b>	The grant is made in the form of Performance Rights. The Performance Rights are granted at no cost and each right entitles the participant to one ordinary share in the Company, subject to the achievement of the performance hurdles and service conditions outlined below. As Performance Rights are automatically exercised at vesting, no expiry date applies.										
<b>How many Performance Rights are granted?</b>	The value of LTI granted is allocated annually and, for the MD & CEO is 50 per cent of the MD & CEO's fixed remuneration and for other Executives is 25 per cent of the participant's fixed remuneration. The number of Performance Rights granted to each Executive is equivalent to the face value of the LTI grant divided by an amount calculated based on the share price in accordance with the terms and conditions of the Plan.										
<b>What is the performance hurdle?</b>	Performance Rights are subject to continued employment with Seven West Media, a single relative Total Shareholder Return (RTSR) and an individual performance condition.										
<b>Why was the TSR performance hurdle chosen, and how is performance measured?</b>	<p>Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates the alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is recorded above the median of the Comparator Index.</p> <p>The relative TSR of Seven West Media is compared to the performance of the S&amp;P/ASX 200 Consumer Discretionary Accumulation Index (Accumulation Index) over the performance period. The level of out-performance of Seven West Media, compared with the Accumulation Index, is used to determine the proportion of awards that are available to vest as per the schedule below. The TSR of Seven West Media is calculated based on the 60-day trading average share price up to, but not including, the start and end of the performance period, adjusted for dividends and capital movements.</p> <p>The performance of the Accumulation Index is calculated based on the index levels at the start and end of the performance period.</p> <p>TSR performance is monitored and assessed by an independent advisor. The percentage of TSR Performance Rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:</p> <table border="1" data-bbox="483 1350 1382 1568"> <thead> <tr> <th><b>Company's TSR Performance Relative to the Index over the Performance Period</b></th> <th><b>Proportion of Performance Rights Vesting</b></th> </tr> </thead> <tbody> <tr> <td>Outperform Index by at least 10%</td> <td>100%</td> </tr> <tr> <td>Outperform the Index by up to 10%</td> <td>Pro-rata from 50% to 100%</td> </tr> <tr> <td>Equal to or less than the Index</td> <td>Nil</td> </tr> <tr> <td>100</td> <td>100%</td> </tr> </tbody> </table>	<b>Company's TSR Performance Relative to the Index over the Performance Period</b>	<b>Proportion of Performance Rights Vesting</b>	Outperform Index by at least 10%	100%	Outperform the Index by up to 10%	Pro-rata from 50% to 100%	Equal to or less than the Index	Nil	100	100%
<b>Company's TSR Performance Relative to the Index over the Performance Period</b>	<b>Proportion of Performance Rights Vesting</b>										
Outperform Index by at least 10%	100%										
Outperform the Index by up to 10%	Pro-rata from 50% to 100%										
Equal to or less than the Index	Nil										
100	100%										
<b>How is the Individual performance condition determined?</b>	<p>Incorporating an individual performance hurdle, in addition to the relative TSR performance measure, will further align executive remuneration outcomes and performance. To the extent that any Performance Rights become available to vest based on the relative TSR hurdle, the percentage of awards that vest will be determined based on the balanced scorecard of Key Performance Indicator (KPI) outcomes over the performance period. The minimum percentage of Performance Rights that can possibly vest, subject to the KPI hurdle, is 0%.</p> <p>The number of Performance Rights that vest will be calculated based on the following formula:</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p style="text-align: center;">Number of Performance Rights available to vest, based on TSR performance</p> <p style="text-align: center;"><i>multiplied by</i></p> <p style="text-align: center;">The average of the Executive's individual KPI outcomes (expressed as a percentage) for the relevant three (3) financial years of the performance period</p> </div>										



### Seven West Media Long-Term Incentive Plan

<b>When will performance be tested?</b>	Awards are subject to a three-year performance period. Shortly after the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. The LTI Plan does not permit re-testing. Any Performance Rights that do not vest following testing of performance hurdles (i.e. at the end of the three-year performance period) will lapse.
<b>Disposal restrictions on vested shares</b>	There is a restriction imposed of the sale of shares acquired after vesting (to the extent the performance hurdles are achieved) until the earliest of the following: <ul style="list-style-type: none"> <li>▪ The date the Executive ceases employment with Seven West Media;</li> <li>▪ The one-year anniversary of the vesting date (or subsequent anniversaries (if elected by the Executive); or</li> <li>▪ The Board determines that the restriction should be released.</li> </ul>
<b>Do the Performance Rights carry dividend or voting rights?</b>	Performance Rights do not carry any dividend or voting rights prior to vesting.
<b>What happens in the event of a change in control?</b>	In the event of a change of control of the Company, unvested Performance Rights may vest to the extent the performance hurdles are considered to have been achieved to the date of the transaction. The Board will have discretion to determine whether any additional vesting should occur.
<b>What happens if the participant ceases employment?</b>	If the participant ceases employment before the end of the performance period by reason of death, disablement, retirement, redundancy or for any other reason approved by the Board, unvested awards remain on-foot, subject to original performance hurdles, although the Board may determine that some or all of the awards should be forfeited. If the participant ceases employment before the end of the performance period by reasons other than outlined above, unvested awards will automatically lapse.
<b>Are participants allowed to hedge their LTI award?</b>	Under the Seven West Media Equity Plan Rules, Executives who are granted share-based payments, such as Performance Rights under the LTI Plan as part of their remuneration, are prohibited from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

#### Grants Under the Previous LTI Plan

Under the previous LTI Plan, grants were made in FY13, FY14, FY15 and FY16. Only the FY16 LTI grant remains on-foot. For further details on the features of the previous Plan, refer to the Company's 2017 Remuneration Report.

## 6.2 Link Between Remuneration Policy and Company Performance

### MD & CEO Performance Objectives and Key Highlights

The Remuneration and Nomination Committee reviews and makes recommendations to the Board on individual performance objectives for the MD & CEO. These objectives are intended to provide a robust link between remuneration outcomes and the key drivers of long-term shareholder value. The STI objectives are set in the form of a balanced scorecard with targets and measures aligned to the Company's strategic priorities cascaded from the MD & CEO scorecard to the relevant Executive KMP scorecard. The key financial and non-financial objectives for the MD & CEO in the 2018 financial year, with commentary on key highlights are provided in Section 5 of the Report.

### Group Financial Performance – Five Year Perspective

In FY18, the Remuneration Policy was linked to profit before significant items, net finance costs and tax (EBIT), DEPS (excluding significant items) and TSR performance of the Group.

The following table sets out the Group's performance over the last 5 financial years:

	2018	2017	2016	2015	2014
Profit before significant items <sup>1</sup> , net finance costs and tax (EBIT) (\$'000's)	235,636	261,385	318,126	356,333	408,177
Statutory NPAT (\$'000's)	134,894	(744,996)	184,289	(1,887,377)	149,188
NPAT (excluding significant items) <sup>1,2</sup> (\$'000's)	142,463	166,809	207,343	209,145	236,228
Diluted earnings per share (as reported) (cents)	8.9	(49.5)	12.2	(181.1)	12.6
Diluted earnings per share (excluding significant items) <sup>1</sup> (cents)	9.4	11.0	13.7	16.0	19.9
Dividend per share (cents)	–	6	8	12	12
Share price as at reporting date <sup>3</sup> (\$)	0.84	0.70	1.08	1.05	1.89
Return on capital employed (%)	15.91	18.58	14.44	16.20	9.70

1. Significant items is a non-IFRS measure. For details of significant items refer note 1.4 to the financial statements.
2. NPAT (excluding significant items) is a non-IFRS measure. This measure is applied consistently year on year and used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to Group performance. Refer to the Operating and Financial Review for reconciliation to statutory net profit after tax.
3. The opening share price on the first day of trading in FY14 was \$1.80.

Company performance is linked to the STI Plan through the underlying EBIT hurdle, and for the LTI Plan, Company performance is linked through the relative TSR target.

The Company continues to operate in intensively competitive markets. Executive 'at-risk' remuneration outcomes are dependent on the Company and Group's financial performance reflecting the Board's commitment to maintaining the link between executive remuneration and Company performance.

### 6.3 FY18 Executive Remuneration Outcomes

Under the design of the STI Plan, a pool may be available for distribution where the Group's underlying EBIT threshold target is met as set out in Section 6.1.2 of the Report.

The Group's underlying EBIT result of \$235.6m opened the financial gateway for FY18.

This table shows the STI awarded to the MD & CEO and Executive KMP for the year ending 30 June 2018 and what this represents as a percentage of their target opportunity. The average STI awarded to the MD & CEO and Executive KMP is 28% of target which is well aligned with the Group performance assessment outcome.

Name	Target STI \$	FY18 STI Outcome \$	STI Outcome as a % of Target \$	Actual Cash STI (50%) \$	Actual Deferred STI (50%) \$	STI Outcome Forfeited as a % of Target <sup>1</sup> \$
<b>Managing Director &amp; Chief Executive Officer</b>						
TG Worner	1,300,000	358,800	28%	179,400	179,400	72%
<b>Executive KMP</b>						
KJ Burnette	625,000	113,375	18%	56,688	56,687	82%
CD Dickens	275,000	73,700	27%	36,850	36,850	73%
WO Lynch	362,500	143,188	40%	71,594	71,594	60%
KA McGrath	225,000	89,775	40%	44,888	44,887	60%
BI McWilliam	412,500	77,756	19%	38,878	38,878	81%
<b>Former Executive KMP</b>						
BC Fair <sup>2</sup>	275,000	–	0%	–	–	100%
<b>Total Executives</b>	<b>3,475,000</b>	<b>856,594</b>		<b>428,298</b>	<b>428,296</b>	

1. Target represents an Executive's maximum STI opportunity for the year.
2. Refer Section 2 of the Report for details on relevant dates.

## 6.4 Executive Service Agreements

The terms of employment for the MD & CEO and other Executive KMP of the Seven West Media Group, are formalised in their employment agreements, the major provisions of which are set out below.

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Contractual
TG Worner	Open-ended	Twelve months' notice	Nil
KJ Burnette	Open-ended	Six months' notice	Nil
CR Dickens	Open-ended	Six months' notice	Nil
WO Lynch	Open-ended	Six months' notice	Nil
KA McGrath	Open-ended	Three months' notice	Nil
BI McWilliam	Open-ended	Three months' notice	Nil

## 6.5 Non-Executive Director Remuneration Framework

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non-Executive Directors. Seven West Media's Non-Executive Director remuneration framework is designed to attract and retain experienced, qualified Board members and remunerate them appropriately for their time and expertise.

Fees and payments are reviewed by the Committee and, where appropriate, changes are recommended to the Board. The Committee has the discretion to directly seek the advice of independent remuneration consultants to ensure Non-Executive Director fees are appropriate and in line with the market.

In setting Board and Committee fees, consideration is given to general industry practice; best principles of corporate governance; the responsibilities and risks attached to the Non-Executive Director role; the time commitment expected of Non-Executive Directors on Company matters; and fees paid to Non-Executive Directors of comparable companies.

The Board compares Non-Executive Director fees to a comparator group of Australian listed companies with a similar market capitalisation, with particular focus on the major media organisations. This is considered an appropriate group, given similarity in size, nature of work and time commitment by Non-Executive Directors.

The Chairman's fees are determined in the same way.

Non-Executive Director remuneration consists of the following components:

- Base Fee** – This fee is paid as cash and is for service as a Non-Executive Director of the Seven West Media Board. The base fee for the Chairman of the Board covers all responsibilities, including all Board Committees.
- Committee Fees** – These additional fees are also paid as cash to other Non-Executive Directors for chairing or participating in Board Committees.
- Employer Superannuation Contributions** – This component reflects statutory superannuation contributions which are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.

To maintain independence and impartiality, Non-Executive Director fees are not linked to the Company's performance or short-term results. Likewise, Non-Executive Directors are not eligible to participate in any of the Company's performance-based remuneration arrangements.

### 6.5.1 Fee Pool

The aggregate of payments each year to Non-Executive Directors must be no more than the amount approved by shareholders in the Annual General Meeting (AGM). The current aggregate fee pool is \$1,900,000 which is inclusive of employer superannuation contributions, was approved at the 2013 AGM held on 13 November 2013. The aggregate of payments to Non-Executive Directors in FY18 did not exceed the approved amount. For the year ended 30 June 2018, \$1.33 million (70%) of this fee pool was used.

### 6.5.2 Non-Executive Director Remuneration in FY18

During the year, the Board reviewed the base fees received by Non-Executive Directors and determined that, in support of the cost reduction commitments announced at the 2017 AGM on 2 November 2017, base Non-Executive Directors' fees and the Chairman's fee be immediately reduced by 20% for the balance of the financial year. In recognition of the Company's cost management achievements during the year, from 1 July 2018 the Chairman's fee and Non-Executive Director fees were reinstated to the fees in place prior to the reduction announced at the 2017 AGM.

Other than an increase to the Audit & Risk Committee Chair fee from \$26,000 to \$40,000 in July 2017 (in recognition of the considerable time commitment and wide range of responsibilities that the Audit & Risk Committee Chair consistently fulfils), there has been no increase to the fees paid to Non-Executive Directors since their approval in 2011.

The fees for the year to 30 June 2018 are provided in the table below:

	Annual Rate	
	Prior to 3 November 2017	Effective 3 November 2017
<b>Base Fee</b>		
Chairman	335,000	268,000
Non-executive Directors	135,000	108,000
<b>Committee Chairman Fees</b>		
Audit & Risk Committee	40,000	40,000
Remuneration Committee	20,000	20,000
<b>Committee Membership Fees</b>		
Audit & Risk Committee	20,000	20,000
Remuneration Committee	10,000	10,000

### 6.5.3 Changes to Board and Committee Composition

The following changes were made to Board and Committee composition:

- Dr Michelle Deaker resigned effective 2 November 2017 following the 2017 Annual General Meeting;
- Teresa Dyson was appointed as a Non-Executive Director to the Seven West Media Board effective 2 November 2017 and was appointed as Chairman of the Audit and Risk Committee effective 19 February 2018;
- David Evans stepped down as Chairman of the Audit and Risk Committee on 19 February 2018 (remaining a member of that Committee); and
- Michael Ziegelaar was appointed as a Non-Executive Director to the Seven West Media Board effective 2 November 2017.

## 7. Statutory Remuneration Disclosures for Key Management Personnel

### 7.1 Executive Remuneration in Detail (Statutory Disclosures)

Details of the audited remuneration of the Company's MD & CEO and Executive KMP for the year ended 30 June 2018 are set out in the following table, calculated in accordance with statutory accounting requirements.

Financial Year	Short-term Benefits		Post-Employment Benefits			Share-Based payments			Remuneration performance related	
	Fixed remuneration <sup>1</sup>	Cash STI & incentives <sup>2</sup>	Non-monetary benefits <sup>3</sup>	Super-annuation Benefits <sup>4</sup>	Long service leave <sup>5</sup>	Restricted Shares <sup>6</sup>	Performance Rights <sup>7</sup>	Total	\$	%
<b>Managing Director &amp; Chief Executive Officer</b>										
<b>2018</b>	<b>2,441,028</b>	<b>179,400</b>	<b>26,569</b>	<b>20,049</b>	<b>42,664</b>	<b>89,700</b>	<b>92,121</b>	<b>2,891,531</b>		<b>12%</b>
2017	2,610,381	-	67,543	19,616	43,295	-	64,136	2,804,971		2%
<b>Executive KMP</b>										
<b>2018</b>	<b>1,192,106</b>	<b>56,688</b>	<b>8,882</b>	<b>20,049</b>	<b>20,342</b>	<b>47,094</b>	<b>22,145</b>	<b>1,367,306</b>		<b>9%</b>
Chief Revenue Officer 2017	1,182,306	37,500	46,513	19,616	20,814	18,750	16,336	1,341,835		5%
<b>2018</b>	<b>516,652</b>	<b>36,850</b>	<b>6,317</b>	<b>20,049</b>	<b>8,762</b>	<b>34,323</b>	<b>9,744</b>	<b>632,697</b>		<b>13%</b>
Chief Digital Officer 2017	528,270	31,797	6,751	19,616	9,166	15,899	14,765	626,264		10%
<b>2018</b>	<b>694,106</b>	<b>71,594</b>	<b>8,637</b>	<b>20,049</b>	<b>11,658</b>	<b>57,320</b>	<b>13,915</b>	<b>877,279</b>		<b>16%</b>
Chief Financial Officer 2017	702,595	43,047	-	19,616	12,072	21,524	7,419	806,273		9%
<b>2018</b>	<b>446,488</b>	<b>44,888</b>	<b>-</b>	<b>20,049</b>	<b>7,111</b>	<b>22,444</b>	<b>8,969</b>	<b>549,949</b>		<b>14%</b>
KA McGrath, Group Executive, Human Resources 2017	31,704	-	-	2,788	519	-	-	35,011		0%
<b>2018</b>	<b>753,888</b>	<b>38,878</b>	<b>1,664</b>	<b>20,049</b>	<b>13,393</b>	<b>42,642</b>	<b>19,487</b>	<b>890,001</b>		<b>11%</b>
BI McWilliam, Commercial Director <sup>8</sup> 2017	822,306	46,407	36,581	19,616	18,319	23,203	13,567	979,999		8%
<b>Former Executive KMP</b>										
<b>2018</b>	<b>312,967</b>	<b>-</b>	<b>5,769</b>	<b>14,220</b>	<b>6,281</b>	<b>19,336</b>	<b>(51,707)</b>	<b>306,866</b>		<b>-11%</b>
BC Fair, Group Chief, Corporate & Regulatory Affairs <sup>9</sup> 2017	509,230	38,672	9,595	19,616	9,158	19,336	7,264	612,871		11%
<b>2018</b>	<b>6,357,235</b>	<b>428,298</b>	<b>57,838</b>	<b>134,514</b>	<b>110,211</b>	<b>312,859</b>	<b>114,674</b>	<b>7,515,629</b>		
2017	6,386,792	197,423	166,983	120,484	113,343	98,712	123,487	7,207,224		

- Fixed remuneration is the total cost of salary, salary-sacrificed benefits (including associated fringe benefits tax (FBT)) and an accrual for annual leave entitlements. The accounting value may be negative where an Executive's annual leave balance decreases as a result of taking more than the leave accrued during the year. The 2017 figures have been restated to the current year's presentation.
- The 2018 STI figures reflect annual cash performance awards accrued, but not yet paid in respect of the year ended 30 June 2018. STI awards are paid in the September pay cycle.
- Non-monetary benefits are determined on the basis of the cost to the Company (including FBT, where applicable).
- Superannuation benefits have been calculated consistent with AASB 119 Employee Benefits.
- The accounting value of long service leave may be negative where an Executive's long service leave balance decreases as a result of taking more than the leave accrued during the year.
- The value of Restricted Shares and Performance Rights is amortised over the applicable vesting period and the amount shown is the amortisation relating to the FY18 reporting year (and FY17 as a comparison). The accounting value of share-based payments may be negative, for example where an Executive's share-based payment expense includes cumulative adjustments for changes in non-market vesting conditions.
- Represents the fair value of Performance Rights expensed by the Company in relation to the LTI grants.
- Excludes cash salaries and fees charged by Seven West Media Limited to Seven Group Holdings Limited for the provision of services to Seven Group Holdings by BI McWilliam in a company to company agreement.
- No other termination benefits were paid to BC Fair other than annual leave and long service leave entitlements. The Board exercised its discretion for unvested STI allocations to remain on-foot subject to the Plan Rules and existing vesting date and LTI allocations to remain on-foot subject to the Plan Rules and existing vesting criteria.

## 7.2. Non-Executive Remuneration in Detail

Details of the remuneration of the Company's Non-Executive Directors for the year ended 30 June 2018 are set out in the following table.

Name	Financial Year	Short-Term Benefits		Post-Employment Benefits	
		Seven West Media Board Fees <sup>1</sup> \$	Non-Monetary Benefits \$	Superannuation \$	Total \$
<b>Current Non-Executive Directors</b>					
KM Stokes, AC, Chairman	2018	270,787	21,341	20,049	312,177
	2017	315,384	27,129	19,616	362,129
JH Alexander	2018	125,301	–	11,904	137,205
	2017	141,553	–	13,447	155,000
T Dyson <sup>2</sup>	2018	78,768	943	7,483	87,194
	2017	–	–	–	–
D Evans	2018	143,743	–	13,656	157,399
	2017	168,950	–	16,050	185,000
PJT Gammell	2018	119,822	–	11,383	131,205
	2017	136,073	–	12,927	149,000
JG Kennett AC	2018	116,169	–	11,036	127,205
	2017	132,420	–	12,580	145,000
M Malone	2018	119,822	–	11,383	131,205
	2017	136,073	–	12,927	149,000
RK Stokes	2018	116,169	–	11,036	127,205
	2017	132,420	–	12,580	145,000
M Ziegelaar <sup>2</sup>	2018	65,374	1,451	6,211	73,036
	2017	–	–	–	–
<b>Former Non-Executive Director</b>					
ME Deaker <sup>2</sup>	2018	67,455	–	–	67,455
	2017	159,000	–	–	159,000
<b>Total Non-Executive Director Fees<sup>3</sup></b>	2018	1,223,410	23,735	104,141	1,351,286
	2017	1,321,873	27,129	100,127	1,449,129

1. Includes fees paid to the Chairman and members of Board Committees.

2. Reflects remuneration during the period Non-Executive Directors held office during the year. Refer Section 2 of the Report for details of appointment dates.

3. The total fees for 2017 reflect the prior year's remuneration for the 2017 reported Non-Executive Directors.

## 7.3 Key Management Personnel Equity Transactions and Holdings

### 7.3.1 Equity Incentive Plan Holdings

Equity grants under the LTI Plan and the STI Plan are made in accordance with the Seven West Media Equity Incentive Plan Rules.

### FY18 LTI Grant and Prior Year LTI Grants

Details of vesting profiles of the Performance Rights granted as remuneration in FY18 to the MD & CEO and each Executive KMP of the Company under its LTI Plan, including prior years' Performance Rights that remain unvested and on-foot, are provided below.

Name	Number of Performance Rights	Grant Date <sup>1</sup>	Fair Value Per Right at Grant Date: TSR Component	Fair Value Per Right at Grant Date: DEPS Component	Number of Rights Vested During FY18	Percentage of Rights Forfeited in FY18	Financial Year in which Grant may Vest
TG Worner	2,037,617	01-Feb-18	\$0.16	NA	–	–	Jun-21
KJ Burnette	489,811	01-Feb-18	\$0.16	NA	–	–	Jun-21
CR Dickens	215,517	01-Feb-18	\$0.16	NA	–	–	Jun-21
WO Lynch	284,090	01-Feb-18	\$0.16	NA	–	–	Jun-21
K McGrath	176,332	01-Feb-18	\$0.16	NA	–	–	Jun-21
BI McWilliam	431,034	01-Feb-18	\$0.16	NA	–	–	Jun-21
TG Worner	2,031,250	04-Apr-16	\$0.47	\$0.86	–	–	Jun-19
KJ Burnette	488,281	04-Apr-16	\$0.47	\$0.86	–	–	Jun-19
CR Dickens	214,843	04-Apr-16	\$0.47	\$0.86	–	–	Jun-19
BC Fair	214,843	04-Apr-16	\$0.47	\$0.86	–	–	Jun-19
WO Lynch	94,401	04-Apr-16	\$0.47	\$0.86	–	–	Jun-19
BI McWilliam	429,687	04-Apr-16	\$0.47	\$0.86	–	–	Jun-19
TG Worner	833,333	15-Jun-15	\$0.11	\$0.88	–	100	NA
KJ Burnette	192,307	15-Jun-15	\$0.11	\$0.88	–	100	NA
CR Dickens	38,782	15-Jun-15	\$0.11	\$0.88	–	100	NA
BC Fair	88,141	15-Jun-15	\$0.11	\$0.88	–	100	NA
BI McWilliam	176,282	15-Jun-15	\$0.11	\$0.88	–	100	NA

1. LTI awards granted prior to FY18 were subject to performance conditions: 50% DEPS and 50% TSR measured against a comparator group of 15 S&P/ASX 200 companies above and 15 companies below Seven West Media's 12-month average market capitalisation ranking (excluding trusts and companies classified under the Metals and Mining Global Industry Classification System (GICS)). These awards are subject to a three-year performance period.

With respect to the FY18 LTI grant, the maximum possible total value of each grant assuming all vesting conditions are met is calculated as the number of Performance Rights times the fair value. This maximum value, measured under applicable accounting standards, will be recognised as statutory remuneration on a straight line basis equally over the three financial years 2018, 2019 and 2020. If all vesting conditions are met, this will be received by each Executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

### Prior Year's Short-Term Incentive Award

The following table shows the number of Restricted Shares that were allocated during FY18 to Executives under the STI Plan as the deferred component of their FY17 STI award.

Name	Number of Shares Granted	Grant Date	Fair Value Per Share at Grant Date	Number of Shares Vested During FY18	Percentage Vested in FY18	Percentage Forfeited in FY18	Financial Year in which Grant Vests
TG Worner	–	NA	–	–	–	–	NA
KJ Burnette	51,539	6 October 2017	\$0.73	–	–	–	June 2019
CR Dickens	43,701	6 October 2017	\$0.73	–	–	–	June 2019
BC Fair <sup>1</sup>	53,150	6 October 2017	\$0.73	–	–	–	June 2019
WO Lynch	59,163	6 October 2017	\$0.73	–	–	–	June 2019
KA McGrath	–	NA	–	–	–	–	NA
BI McWilliam	63,780	6 October 2017	\$0.73	–	–	–	June 2019

1. The Board exercised its discretion for unvested STI allocations to remain on foot subject to the Plan Rules and existing vesting date, and LTI allocations will remain on foot subject to the Plan Rules and existing vesting criteria.

The maximum possible total value of the grant assuming all vesting conditions are met is the number of shares times the fair value based on the share price at 6 October 2017. If all vesting conditions are met, this will be received by each Executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

### 7.3.2 Total Performance Rights Holdings

The total number of Performance Rights in the Company held during the financial year by the MD & CEO and each Executive KMP of the Group are set out in the table below.

Name	Financial Year	Opening Balance	Performance Rights Granted as Remuneration		Performance Rights Vested		Number of Performance Rights Lapsed	Closing Balance
			Number Granted <sup>1</sup>	Value Granted <sup>1</sup>	Number Vested <sup>2</sup>	Number Vested <sup>2</sup>		
<b>Managing Director &amp; Chief Executive Officer</b>								
TG Worner	2018	2,864,583	2,037,617	326,019	-	-	(833,333)	4,068,867
	2017	3,483,631	-	2,316,615	-	-	(619,048)	2,864,583
<b>Executive KMP</b>								
KJ Burnette	2018	680,588	489,811	78,370	-	-	(192,307)	978,092
	2017	823,445	-	547,591	-	-	(142,857)	680,588
CR Dickens	2018	253,625	215,517	34,483	-	-	(38,782)	430,360
	2017	253,625	-	168,661	-	-	-	253,625
WO Lynch	2018	94,401	284,090	45,454	-	-	-	378,491
	2017	94,401	-	62,777	-	-	-	94,401
KA McGrath	2018	-	176,332	28,213	-	-	-	176,332
	2017	-	-	-	-	-	-	-
BI McWilliam	2018	605,969	431,034	68,965	-	-	(176,282)	860,721
	2017	736,921	-	490,052	-	-	(130,952)	605,969
<b>Former Executive KMP</b>								
BC Fair <sup>3</sup>	2018	302,984	-	-	-	-	(88,141)	214,843
	2017	362,508	-	241,068	-	-	(59,524)	302,984
Total	2018	4,802,150	3,634,401	581,504	-	-	(1,328,845)	7,107,706
	2017	5,754,531	-	3,826,764	-	-	(952,381)	4,802,150

1. Based on fair value at grant date of \$0.16.
2. No hurdled Performance Rights granted in FY15 vested in September 2017 and all of these Performance Rights lapsed the TSR and DEPS performance hurdles were not satisfied.
3. Reflects remuneration during the period BC Fair held office during the year. Refer Section 2 of the Report for details on relevant dates.



### 7.3.3 Equity Holdings and Transactions of Executive Key Management Personnel

The table below provides details of equity granted as remuneration and the number of ordinary shares in the Company held during the financial year by the MD & CEO and each Executive KMP of the Company held directly, indirectly, beneficially and including their personally-related entities.

#### MD & CEO and Executive KMP Equity Granted, Vested, Exercised and Lapsed

Name	Type of Equity-Based Instrument	Number Held at Start of the Year	Number Granted During the Year as Remuneration <sup>1</sup>	Received on Exercise and/or Exercised During the Year	Number Lapsed During the Year	Other Changes During the Year	Number Held at End of the Year	Number Vested and Exercisable at End of the Year <sup>2</sup>
<b>Managing Director &amp; Chief Executive Officer</b>								
TG Worner	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	293,810	–	–	–	–	293,810	–
	Performance Rights	2,864,583	2,037,617	–	(833,333)	–	4,068,867	–
<b>Executive KMP</b>								
KJ Burnette	Deferred Shares	–	51,539	–	–	–	51,539	–
	Ordinary Shares	6,565	–	–	–	–	6,565	–
	Performance Rights	680,588	489,811	–	(192,307)	–	978,092	–
CR Dickens	Deferred Shares	–	43,701	–	–	–	43,701	–
	Ordinary Shares	4,000	–	–	–	–	4,000	–
	Performance Rights	253,625	215,517	–	(38,782)	–	430,360	–
WO Lynch	Deferred Shares	–	59,163	–	–	–	59,163	–
	Ordinary Shares	–	–	–	–	–	–	–
	Performance Rights	94,401	284,090	–	–	–	378,491	–
KA McGrath	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	–	–	–	–	–	–	–
	Performance Rights	–	176,332	–	–	–	176,332	–
BI McWilliam	Deferred Shares	–	63,780	–	–	–	63,780	–
	Ordinary Shares	611,044	–	–	–	–	611,044	–
	Performance Rights	605,969	431,034	–	(176,282)	–	860,721	–
<b>Former Executive KMP</b>								
BC Fair <sup>2</sup>	Deferred Shares	–	53,150	–	–	–	53,150	–
	Ordinary Shares	–	–	–	–	–	–	–
	Performance Rights	302,984	–	–	(88,141)	–	214,843	–

- FY17 deferred STI Restricted Shares were allocated in September 2017. The balance of Performance Rights at the end of the year are unvested rights.
- Reflects remuneration during the period BC Fair held office during the year. Refer Section 2 of the Report for details on relevant dates.

*Non-Executive Directors*

The number of ordinary shares in the Company held during the financial year by each Non-Executive Director of Seven West Media Limited held directly, indirectly, beneficially and including their personally-related entities are set out in the tables below.

Name	Type of Equity-Based Instrument	Number Held at Start of the Year	Number Granted During the Year as Remuneration	Number Lapsed During the Year	Other Changes During the Year	Number Held at End of the Year
<b>Chairman of the Seven West Media Board</b>						
KM Stokes AC	Ordinary Shares	619,753,734	–	–	–	619,753,734
<b>Non-Executive Directors</b>						
JH Alexander	Ordinary Shares	55,768	–	–	–	55,768
T Dyson <sup>1</sup>	Ordinary Shares	–	–	–	–	–
D Evans	Ordinary Shares	927,803	–	–	–	927,803
PJT Gammell	Ordinary Shares	329,216	–	–	–	329,216
JG Kennett AC	Ordinary Shares	75,000	–	–	–	75,000
M Malone	Ordinary Shares	133,000	–	–	–	133,000
RK Stokes	Ordinary Shares	240,466	–	–	–	240,466
M Ziegelaar <sup>1</sup>	Ordinary Shares	–	–	–	–	–
<b>Former Non-Executive Directors</b>						
ME Deaker <sup>1</sup>	Ordinary Shares	26,161	–	–	–	26,161

1. Reflects remuneration during the period Non-Executive Directors held office during the year. Refer Section 2 of the Report for details on appointment dates.

**8. Loans and Other Transactions with Key Management Personnel**

During FY18, a company associated with a Director, Mr Jeffrey Kennett AC, was party to a consulting agreement with the Group. The consulting agreement provides for the services of Mr Jeffrey Kennett AC to be supplied to Seven West Media to perform the role of political commentator, independent of his duties as a Non-Executive Director with Seven West Media. Total fees paid during the year in relation to this consulting agreement were \$220,000 (2017: \$200,000). There were no other transactions with Key Management Personnel during FY18.

All other transactions involving the Non-Executive Directors, the MD & CEO and Executive KMP and their related parties are conducted on normal commercial terms and conditions that are no more favourable than those given to other employees or customers. Any that are on-foot, are trivial or domestic in nature.

There were no loans provided to KMP during FY18.

***End of Remuneration Report.***

# Auditor's Independence Declaration



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

### To the Directors of Seven West Media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Seven West Media Limited for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Tracey Driver  
Partner

Sydney

21 August 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# Financial statements

## Seven West Media Limited

FOR THE YEAR ENDED 30 JUNE 2018

### Introduction and basis of preparation

Seven West Media (SWM) is a for-profit company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial statements are for the Group consisting of Seven West Media Limited (the “Company” or “Parent Entity”) and its subsidiaries, all of which are for-profit entities.

The consolidated general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and the Australian Accounting Standards and other authoritative pronouncements of The Australian Accounting Standards Board and International Financial Reporting Standards (IFRS).

All new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period have been adopted. Refer to Note 7.5 for further details.

The consolidated financial statements were authorised for issue by the Board of Directors on 21 August 2018.

The financial statements have been prepared using the historical cost basis except for derivative financial instruments and assets held for sale which have been measured at fair value and share rights which have been valued using option pricing models.

The financial statements are presented in Australian dollars (AUD) and all values are rounded to the nearest \$1,000 unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

The Group presents reclassified comparative information where required for consistency with the current year’s presentation.

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
Revenue	1.2	1,620,618	1,673,575
Other income	1.2	474	5,409
<b>Revenue and other income</b>		<b>1,621,092</b>	<b>1,678,984</b>
Expenses	1.3	(1,387,160)	(1,418,048)
Impairment of intangible assets	1.4	–	(558,768)
Impairment of investments and other assets	1.4	(1,253)	(276,424)
Write down of assets held for sale	1.4	(11,868)	–
Redundancy and restructure costs	1.4	(11,311)	(6,881)
Onerous contracts	1.4	–	(139,582)
Net gain on sale of other assets	1.4	8,224	–
Net gain (loss) on disposal of investments and controlled entities	1.4	7,713	(7,138)
Share of net profit of equity accounted investees	6.1	1,704	449
<b>Profit (loss) before net finance costs and tax</b>		<b>227,141</b>	<b>(727,408)</b>
Finance costs		(36,804)	(40,044)
Finance income		1,449	1,490
<b>Profit (loss) before tax</b>		<b>191,786</b>	<b>(765,962)</b>
Tax (expense) benefit	4.1	(56,892)	20,966
<b>Profit (loss) for the year</b>		<b>134,894</b>	<b>(744,996)</b>
<b>Other comprehensive income (expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		3,490	5,011
Exchange differences on translation of foreign operations		434	(810)
Tax relating to items that may be reclassified subsequently to profit or loss		(1,047)	(1,504)
<b>Other comprehensive income for the year, net of tax</b>		<b>2,877</b>	<b>2,697</b>
<b>Total comprehensive income (expense) for the year</b>		<b>137,771</b>	<b>(742,299)</b>
Total comprehensive income (expense) attributable to:			
Owners of the Company		138,658	(741,629)
Non-controlling interests		(887)	(670)
<b>Total comprehensive income (expense) for the year</b>		<b>137,771</b>	<b>(742,299)</b>
<b>Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company</b>			
Basic earnings per share	1.5	8.9 cents	(49.5 cents)
Diluted earnings per share	1.5	8.9 cents	(49.5 cents)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2.1	142,163	69,490
Trade and other receivables	2.2	276,986	276,074
Current tax receivable		9,119	3,972
Program rights and inventories	2.3	205,068	186,255
Assets held for sale	7.4	35,500	–
Other assets		7,070	4,359
<b>Total current assets</b>		<b>675,906</b>	<b>540,150</b>
<b>Non-current assets</b>			
Program rights	2.3	2,169	2,559
Equity accounted investees	6.1	3,445	51,362
Other investments		28,384	21,384
Property, plant and equipment	3.2	141,572	159,559
Intangible assets	3.1	1,033,962	1,019,902
Deferred tax assets	4.2	–	8,653
Other assets		6,968	4,181
<b>Total non-current assets</b>		<b>1,216,500</b>	<b>1,267,600</b>
<b>Total assets</b>		<b>1,892,406</b>	<b>1,807,750</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	2.4	280,247	279,488
Provisions	3.3	104,477	84,929
Deferred income		26,858	36,357
<b>Total current liabilities</b>		<b>411,582</b>	<b>400,774</b>
<b>Non-current liabilities</b>			
Trade and other payables	2.4	29,785	24,053
Provisions	3.3	137,186	164,399
Deferred income		–	4,456
Deferred tax liabilities	4.2	8,919	–
Borrowings	5.1	776,647	795,159
<b>Total non-current liabilities</b>		<b>952,537</b>	<b>988,067</b>
<b>Total liabilities</b>		<b>1,364,119</b>	<b>1,388,841</b>
<b>Net assets</b>		<b>528,287</b>	<b>418,909</b>
<b>EQUITY</b>			
Share capital	5.2	3,393,546	3,393,546
Reserves		545	(2,526)
Non-controlling interests		(1,071)	(1,758)
Accumulated deficit		(2,864,733)	(2,970,353)
<b>Total equity</b>		<b>528,287</b>	<b>418,909</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Share capital \$'000	Cash flow hedge reserve \$'000	Equity compensation reserve \$'000	Reserve for own shares \$'000	Foreign currency translation reserve \$'000	Accumulated deficit \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
<b>Balance at 25 June 2016</b>		<b>3,393,145</b>	<b>(7,030)</b>	<b>3,472</b>	<b>(1,517)</b>	<b>54</b>	<b>(2,135,583)</b>	<b>1,252,541</b>	<b>-</b>	<b>1,252,541</b>
<b>Loss for the year</b>		-	-	-	-	-	(744,326)	(744,326)	(670)	(744,996)
Cash flow hedge gains taken to equity		-	5,011	-	-	-	-	5,011	-	5,011
Foreign currency translation differences		-	-	-	-	(810)	-	(810)	-	(810)
Tax on other comprehensive income		-	(1,504)	-	-	-	-	(1,504)	-	(1,504)
<b>Other comprehensive income (expense) for the year, net of tax</b>		-	3,507	-	-	(810)	-	2,697	-	2,697
<b>Total comprehensive income (expense) for the year</b>		-	3,507	-	-	(810)	(744,326)	(741,629)	(670)	(742,299)
<b>Transactions with owners in their capacity as owners</b>										
Shares sold pursuant to cancellation of loan plan	5.2	401	-	-	-	-	-	401	-	401
Shares transferred from treasury pursuant to vesting of share buy back		-	-	(920)	920	-	-	-	-	-
Dividends paid	5.3	-	-	-	-	-	(90,444)	(90,444)	-	(90,444)
Share based payment expense		-	-	(202)	-	-	-	(202)	-	(202)
Acquisition of NCI		-	-	-	-	-	-	-	(1,088)	(1,088)
<b>Total transactions with owners</b>		401	-	(1,122)	920	-	(90,444)	(90,245)	(1,088)	(91,333)
<b>Balance at 24 June 2017</b>		<b>3,393,546</b>	<b>(3,523)</b>	<b>2,350</b>	<b>(597)</b>	<b>(756)</b>	<b>(2,970,353)</b>	<b>420,667</b>	<b>(1,758)</b>	<b>418,909</b>
<b>Profit (loss) for the year</b>		-	-	-	-	-	135,781	135,781	(887)	134,894
Cash flow hedge gains taken to equity		-	3,490	-	-	-	-	3,490	-	3,490
Foreign currency translation differences		-	-	-	-	434	-	434	-	434
Tax on other comprehensive income		-	(1,047)	-	-	-	-	(1,047)	-	(1,047)
<b>Other comprehensive income for the year, net of tax</b>		-	2,443	-	-	434	-	2,877	-	2,877
<b>Total comprehensive income (expense) for the year</b>		-	2,443	-	-	434	135,781	138,658	(887)	137,771
<b>Transactions with owners in their capacity as owners</b>										
Dividends paid	5.3	-	-	-	-	-	(30,161)	(30,161)	-	(30,161)
Share based payment expense		-	-	194	-	-	-	194	-	194
Acquisition of NCI		-	-	-	-	-	-	-	1,574	1,574
<b>Total transactions with owners</b>		-	-	194	-	-	(30,161)	(29,967)	1,574	(28,393)
<b>Balance at 30 June 2018</b>		<b>3,393,546</b>	<b>(1,080)</b>	<b>2,544</b>	<b>(597)</b>	<b>(322)</b>	<b>(2,864,733)</b>	<b>529,358</b>	<b>(1,071)</b>	<b>528,287</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$'000	2017 \$'000
<b>Cash flows related to operating activities</b>			
Receipts from customers		1,737,591	1,840,818
Payments to suppliers and employees		(1,510,690)	(1,614,036)
Dividends received from equity accounted investees	6.1	1,000	6,280
Dividends received other		–	206
Interest and other items of similar nature received		1,226	1,059
Interest and other costs of finance paid		(33,593)	(37,648)
Income taxes paid, net of refunds		(43,428)	(56,437)
<b>Net operating cash flows</b>	2.1	<b>152,106</b>	140,242
<b>Cash flows related to investing activities</b>			
Payments for purchases of property, plant and equipment		(10,182)	(20,004)
Proceeds from sale of property, plant and equipment		253	1,807
Payments for intangibles		(18,889)	(11,939)
Payments for equity accounted investees		–	(3,165)
Proceeds from sale of equity accounted investees		300	6,500
Payments for other investments		(1,063)	(3,014)
Proceeds on sale of subsidiaries		4,945	–
Payment for purchase of controlled entities, net of cash acquired		(2,444)	(18,839)
Loans issued to investees		(2,192)	(9,804)
<b>Net investing cash flows</b>		<b>(29,272)</b>	(58,458)
<b>Cash flows related to financing activities</b>			
Proceeds from shares sold pursuant to cancellation of loan plan		–	566
Proceeds from borrowings		115,000	346,000
Repayment of borrowings		(135,000)	(363,204)
Dividends paid	5.3	(30,161)	(90,444)
<b>Net financing cash flows</b>		<b>(50,161)</b>	(107,082)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		69,490	94,788
<b>Cash and cash equivalents at the end of the year</b>	2.1	<b>142,163</b>	69,490

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## SECTION 1

# Group Performance

### 1.1. Segment Information

#### 1.1A. Description of segments

##### Accounting policy

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

Reportable Segment	Description of Activities
Television	Production and operation of commercial television programming and stations.
The West	Publishers of newspapers and insert magazines in Western Australia; Quokka (weekly classified advertising publication); Colourpress; Digital publishing and West Australian Publishers.
Pacific	Publisher of magazines in print and digital editions.
Other Business and New Ventures	Made up of equity accounted investees including TX Australia, Oztam, Starts at 60, Yahoo7 until reclassified to asset held for sale; Radio (radio stations broadcasting in regional areas of Western Australia) and RED Live.

The chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer, the Chief Financial Officer, Business Segment Chief Executive Officers and other relevant members of the executive team.

Segment performance is evaluated based on a measure of profit / (loss) before significant items, net finance costs and tax.

Revenue from external sales is predominantly to customers in Australia and total segment assets are predominantly held in Australia.

Total assets and liabilities by segment are not provided regularly to the chief operating decision makers and as such, are not required to be disclosed.

#### 1.1B. Segment information

		Television	The West	Pacific	Other Business and New Ventures	Corporate [B]	Total
Year ended 30 June 2018	REF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations		1,264,861	204,066	139,474	12,217	–	1,620,618
Other revenue		109	29	–	336	–	474
Share of net profit of equity accounted investees		–	–	–	1,704	–	1,704
<b>Revenue, other income and share of net profit of equity accounted investees</b>		<b>1,264,970</b>	<b>204,095</b>	<b>139,474</b>	<b>14,257</b>	<b>–</b>	<b>1,622,796</b>
Expenses		(1,024,642)	(172,753)	(129,619)	(9,571)	(15,325)	(1,351,910)
<b>Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation</b>		<b>240,328</b>	<b>31,342</b>	<b>9,855</b>	<b>4,686</b>	<b>(15,325)</b>	<b>270,886</b>
Depreciation and amortisation	[A]	(24,344)	(10,290)	(304)	(312)	–	(35,250)
<b>Profit (loss) before significant items, net finance costs and tax</b>		<b>215,984</b>	<b>21,052</b>	<b>9,551</b>	<b>4,374</b>	<b>(15,325)</b>	<b>235,636</b>

### 1.1B. Segment information

		Television	The West	Pacific	Other Business and New Ventures	Corporate [B]	Total
Year ended 24 June 2017	REF	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations		1,275,871	217,242	167,991	12,471	–	1,673,575
Other revenue		5,109	300	–	–	–	5,409
Share of net profit of equity accounted investees		–	–	–	449	–	449
<b>Revenue, other income and share of net profit of equity accounted investees</b>		<b>1,280,980</b>	<b>217,542</b>	<b>167,991</b>	<b>12,920</b>	<b>–</b>	<b>1,679,433</b>
Expenses		(1,009,845)	(170,877)	(161,808)	(13,907)	(16,336)	(1,372,773)
<b>Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation</b>		<b>271,135</b>	<b>46,665</b>	<b>6,183</b>	<b>(987)</b>	<b>(16,336)</b>	<b>306,660</b>
Depreciation and amortisation	[A]	(21,476)	(20,633)	(2,707)	(390)	(69)	(45,275)
<b>Profit (loss) before significant items, net finance costs and tax</b>		<b>249,659</b>	<b>26,032</b>	<b>3,476</b>	<b>(1,377)</b>	<b>(16,405)</b>	<b>261,385</b>

A. Excludes program rights amortisation which is included in media content expenses (refer note 1.3).

B. Corporate is not an operating segment. The amounts presented are unallocated costs.

### 1.1C. Other segment information

The chief operating decision makers assess the performance of the operating segments based on a measure of earnings before net finance costs and tax. This measurement basis excludes the effects of significant items from the operating segments.

	2018 \$'000	2017 \$'000
<b>Reconciliation of profit before significant items, net finance costs and tax</b>		
Profit before significant items, net finance costs and tax	235,636	261,385
Finance costs	(36,804)	(40,044)
Finance income	1,449	1,490
<b>Profit before tax excluding significant items</b>	<b>200,281</b>	<b>222,831</b>
Significant items before tax (refer note 1.4)	(8,495)	(988,793)
<b>Profit (loss) before tax</b>	<b>191,786</b>	<b>(765,962)</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 1.2. Revenue and Other Income

Accounting policy

### Revenue recognition and measurement

The Group recognises revenue when:

- the revenue can be reliably measured;
- it is probable the future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of agency commissions, discounts, rebates, returns, trade allowances and duties and taxes paid.

Revenue is recognised for the major business activities as follows:

Description of Activities		
[A]	Advertising	Recognised when the advertisement has been published, broadcast or streamed.
[B]	Circulation	Recognised on delivery of the newspaper or magazine to the customer and the right to be compensated has been obtained.
[C]	Program sales includes:	
	(i) 3rd party commissioned program	Recognised in line with percentage of completion of the commissioned program.
	(ii) distribution royalty	Recognised as it is earned in line with the distribution contract terms and conditions.
[D]	Affiliate fees	Recognised in the period of the broadcast feed to the affiliates in line with the contract terms and conditions.
[E]	Rendering of services	The revenue is recognised when the service has been performed. Mostly relating to printing services.
[F]	Other revenue includes:	
	Government grants	Recognised initially as deferred income when it is highly probable that the grant will be received. This may include the following:
	(i) cash grants or funding	Recognised when all attaching conditions will be complied with.
	(ii) reimbursement of expense	Recognised over the periods necessary to match the costs that it is intended to compensate.
	(iii) reimbursement for cost of asset	Recognised over the lifetime of the asset on a systematic basis.
	Rental income	Recognised on a straight line basis over the term of the lease.
	Dividends	Recognised when the right to receive payment is established.

	REF	2018 \$'000	2017 \$'000
<b>Sales revenue</b>			
Advertising revenue	[A]	1,219,128	1,248,294
Circulation revenue	[B]	159,377	170,980
Program sales	[C]	89,611	97,305
Affiliate fees	[D]	99,961	105,880
Rendering of services	[E]	23,322	26,634
Other revenue	[F]	29,219	24,482
Total sales revenue		1,620,618	1,673,575
<b>Other income</b>			
Dividends received		–	206
Sundry income		23	2,472
Net gain on disposal of property, plant and equipment and investments		451	2,731
Total other income		474	5,409

### 1.3. Expenses

Profit (loss) before tax includes the following specific expenses:

	REF	2018 \$'000	2017 \$'000
Depreciation and amortisation (excluding program rights amortisation)	[A]	(35,250)	(45,275)
Advertising and marketing expenses		(41,670)	(44,599)
Printing, selling and distribution (including newsprint and paper)		(81,727)	(93,070)
Media content (including program rights amortisation)	[A]	(655,843)	(661,865)
Employee benefits expense (excluding significant items)	[B]	(395,519)	(399,765)
Raw materials and consumables used (excluding newsprint and paper)		(8,102)	(9,611)
Repairs and maintenance		(17,828)	(18,501)
Licence fees		(32,710)	(17,566)
Rental expense relating to operating leases		(21,832)	(24,214)
Other expenses from ordinary activities		(96,679)	(103,582)
<b>Total expenses</b>		<b>(1,387,160)</b>	<b>(1,418,048)</b>
Included in the expenses above are the specific items [A] to [B] from continuing operations:			
[A] Depreciation of property, plant and equipment		(25,029)	(34,890)
Amortisation of intangible assets		(10,221)	(10,385)
Television program rights amortisation		(111,184)	(114,909)
<b>Total depreciation and amortisation</b>		<b>(146,434)</b>	<b>(160,184)</b>
[B] Employee benefits expense		(357,834)	(362,986)
Defined contribution superannuation expense		(37,685)	(36,779)
<b>Total employee benefits expense</b>		<b>(395,519)</b>	<b>(399,765)</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 1.4. Significant Items

Profit (loss) before tax expense includes the following specific expenses for which disclosure is relevant in explaining the financial performance of the Group:

	REF	2018 \$'000	2017 \$'000
Impairment of Television goodwill	[A]	–	(3,450)
Impairment of Television licences	[A]	–	(432,388)
Impairment of Pacific and The West goodwill	[A]	–	(28,879)
Impairment of Pacific and The West mastheads	[A]	–	(80,463)
Impairment of other intangible assets	[A]	–	(13,588)
Total impairment of intangible assets		–	(558,768)
Impairment of equity accounted investees	[B]	(1,253)	(179,493)
Impairment of fixed assets	[A]	–	(34,165)
Impairment of other assets	[C]	–	(62,766)
Total impairment of investments and other assets		(1,253)	(276,424)
Write down of assets held for sale	[D]	(11,868)	–
Redundancy and restructure costs	[E]	(11,311)	(6,881)
Onerous contracts	[F]	–	(139,582)
Net gain on sale of other assets	[G]	8,224	–
Net gain (loss) on disposal of investments and controlled entities	[H]	7,713	(7,138)
Total significant items before tax		(8,495)	(988,793)
Tax benefit		926	76,988
Net significant items after tax		(7,569)	(911,805)

A. The impairments in FY17 were recognised as a result of changes to key assumptions in the Group's cash flow forecasts, these include:

### Television

- Medium and long term growth rates for traditional Free to Air television metro advertising market.

### The West and Pacific

- Further declines in circulation and advertising revenue in print publishing businesses.

Refer note 3.1 for details.

B. An impairment review of the Group's equity accounted investees and its loans was performed, resulting in an impairment of \$1.3m (FY17: \$179.5m).

C. In June 2017, the recoverable amount of program rights, inventories and other assets were lower than the carrying value, resulting in an impairment of \$62.8m.

D. In June 2018, write down of assets held for sale relate to Yahoo!7 Pty Ltd. Refer note 7.4 for detail.

E. The redundancy and restructure costs relate to transformation programs across the Group.

F. In June 2017, the Group recognised an onerous contract provision in relation to its television legacy output deals, US content, one-off sporting events rights and other service contracts.

G. In June 2018, the net gain relates to the sale of sporting rights.

H. In June 2018, net gain on disposal relates to the sale of 7Wonder Productions Limited.

In June 2017, net loss on disposal relates to Presto TV Pty Limited and Australian News Channel Pty Limited investments.

## 1.5. Earnings Per Share

### Accounting policy

#### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

#### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### Retrospective adjustments

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies, accounted for retrospectively.

	2018 \$'000	2017 \$'000
<b>Basic earnings per share</b>		
Profit (loss) attributable to the ordinary equity holders of the Company	<b>8.9 cents</b>	(49.5 cents)
<b>Diluted earnings per share</b>		
Profit (loss) attributable to the ordinary equity holders of the Company	<b>8.9 cents</b>	(49.5 cents)
	2018 \$'000	2017 \$'000
<b>Earnings used in calculating earnings per share</b>		
Profit (loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	<b>135,781</b>	(744,326)
	2018 Number	2017 Number
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<b>1,507,840,662</b>	1,507,447,478

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## SECTION 2

# Working Capital

### 2.1. Cash And Cash Equivalents

#### Accounting policy

Cash and cash equivalents in the statement of financial position and statement of cash flows includes cash on hand and deposits held at call or with maturities of three months or less with financial institutions.

	2018 \$'000	2017 \$'000
Cash at bank and on hand	142,163	69,490
Cash at banks earns interest at floating rates based on daily bank deposit rates.		
The maximum exposure to credit risk at the reporting date is the carrying amount. The exposure to interest rate risk is discussed in note 5.5.		
Reconciliation of operating profit (loss) after tax to net cash provided by operating activities		
Profit (loss) for the year:	134,894	(744,996)
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangible assets	35,250	45,275
Amortisation of television program rights	111,184	114,909
Impairment of intangible assets and equity accounted investees	1,253	738,261
Write down of assets held for sale	11,868	–
Impairment of tangible assets	–	34,165
Net gain on disposal of property, plant and equipment, computer software and equity accounted investees	(8,448)	(6,057)
Share based payment expense	194	(202)
Dividend received from equity accounted investees less share of profit of equity accounted investees	(704)	5,831
Movement in unamortised finance costs	1,488	(592)
Other non-cash items	(12,108)	4,890
Changes in operating assets and liabilities, net of effect from acquisitions:		
(Increase) decrease in:		
Trade and other receivables	(3,094)	16,327
Inventories	1,955	1,643
Program rights	(131,563)	(41,876)
Other assets	(556)	947
Increase (decrease) in:		
Trade and other payables	(14,571)	(42,458)
Program liabilities	24,824	(12,803)
Provisions	(7,665)	110,999
Other liabilities	(5,559)	(8,358)
Tax balances	13,464	(75,663)
Net cash inflow from operating activities	152,106	140,242



## 2.2. Trade and Other Receivables

### Accounting policy

#### Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally settled within 30-90 days and are non-interest bearing.

The collectability of trade receivables is reviewed on an ongoing basis. A provision for doubtful debts is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Debts which are known to be uncollectable are written off by reducing the carrying amounts directly.

The amount of the impairment loss of receivables is recognised in profit or loss in other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Group provides money, goods or services directly to a third party. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are carried at estimated future cash flow.

	2018 \$'000	2017 \$'000
<b>Current</b>		
Trade receivables	289,964	263,968
Provision for doubtful debts	(4,133)	(3,961)
Provision for sales credits and returns	(35,852)	(32,773)
	<b>249,979</b>	227,234
Loans and other receivables	27,007	48,840
Total trade and other receivables	<b>276,986</b>	276,074

Movements in the provision for doubtful debts are as follows:

Balance at the beginning of the financial year	3,961	4,569
Net movement in provision recognised during the year	291	122
Amount utilised	(119)	(730)
Balance at the end of the financial year	<b>4,133</b>	3,961

Refer to note 5.5 regarding information on the Group's exposure to credit and market risks, and impairment losses for trade and other receivables.

Refer to note 6.5 regarding receivables from related parties.

### Key judgements, estimates and assumptions

#### Impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

The ageing of the Group's trade receivables net of provision for sales credits and returns at the reporting date was:

\$'000	Not past due	Past due but not impaired			Total
		< 30 days	31 – 120 days	> 120 days	
<b>Year ended 30 June 2018</b>					
Net receivables	241,488	8,019	4,220	385	254,112
Provision for doubtful debts	–	(3,281)	(575)	(277)	(4,133)
	<b>241,488</b>	<b>4,738</b>	<b>3,645</b>	<b>108</b>	<b>249,979</b>
<b>Year ended 24 June 2017</b>					
Net receivables	224,522	3,985	2,353	335	231,195
Provision for doubtful debts	–	(2,976)	(902)	(83)	(3,961)
	224,522	1,009	1,451	252	227,234

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 2.3. Program Rights and Inventories

#### Accounting policy

##### *Program rights*

Program rights includes both purchased rights and produced programs.

Program rights are recognised at the earlier of when cash payments are made or from the commencement of the rights period of the contract.

Television program rights are carried at the lower of cost less amortisation or net recoverable amount. Cost comprises acquisition of program rights and, for programs produced using the Group's facilities, direct labour and materials and directly attributable fixed and variable overheads. Revenue is derived from the broadcast of advertisement on Seven channels and digital assets, net of agency commissions, discounts and rebates.

The Group's amortisation policy requires the amortisation of purchased programs on a straight line basis over the expected useful life.

The useful life of purchased programs is assessed at least annually. Produced programs are expensed when broadcast or in full on the twelfth month after the completion period.

##### *Inventories*

Inventories, which includes newsprint, paper, finished goods, raw material and work in progress, are measured at acquisition cost, cost of manufacturing or net realisable value. The net realisable value is the estimated achievable selling price in the ordinary course of business less the estimated costs through to completion and the estimated necessary selling costs.

	2018 \$'000	2017 \$'000
<b>Current</b>		
Television program rights – cost less accumulated amortisation and impairment	<b>186,643</b>	165,875
Newsprint and paper – at cost	<b>11,632</b>	12,083
Work in progress – at cost	<b>3,414</b>	4,993
Other raw materials – at net realisable value	<b>3,379</b>	3,304
	<b>205,068</b>	186,255
<b>Non-current</b>		
Prepaid Television program rights	<b>2,169</b>	2,559
	<b>2,169</b>	2,559

#### *Program rights and inventory expense*

Program rights and inventories recognised as an expense during the year ended 30 June 2018 amounted to \$111,184,000 (2017: \$114,909,000) and \$39,270,000 (2017: \$44,068,000) respectively.

#### Key judgements, estimates and assumptions

The Group recognises program rights which are available for use. These are capitalised and amortised over the useful life of the content. The assessment of the appropriate carrying value of these rights requires estimation by management of the forecast future cash flows which will be derived from that content. This estimate is based on a combination of market conditions and the value generated from the broadcast of comparable programs.

## 2.4. Trade and Other Payables

### Accounting policy

#### *Trade payables and accruals*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

The amounts are unsecured and are usually paid within 30-60 days from the end of the month in which they are incurred and are non-interest bearing.

#### *Derivative financial liabilities*

Derivative financial instruments on recognised liabilities are used in the normal course of business in order to hedge exposure to fluctuations in interest rates and foreign currency exchange rates. These derivatives are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. The fair values of derivative financial instruments designated as cash flow hedges are disclosed below.

Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item (i.e. cash flows) is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The gain or loss from re-measuring the hedging instruments to fair value is recognised in other comprehensive income and accumulated in a hedging reserve, to the extent that the hedge is effective, and is recognised in profit or loss within finance costs when the hedged interest expense is recognised. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

#### *Television program liabilities*

Television program liabilities are recognised from the commencement of the rights period of the contract. Contract payments made prior to commencement of the rights period are disclosed as a prepayment and included under television program rights and inventories.

	2018 \$'000	2017 \$'000
<b>Current</b>		
Trade payables and accruals	158,444	173,643
Derivative financial liabilities	30	44
Television program liabilities	121,773	105,801
	<b>280,247</b>	279,488
<b>Non-current</b>		
Trade payables and accruals	3,822	4,512
Derivative financial liabilities	3,281	5,712
Television program liabilities	22,682	13,829
	<b>29,785</b>	24,053

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 2.5. Commitments

	<1 year \$'000	1–5 years \$'000	> 5 Years \$'000	Total \$'000
<b>Year ended 30 June 2018</b>				
Capital expenditure commitments	4,632	–	–	4,632
Operating lease commitments	18,221	68,718	77,028	163,967
Contracts for purchase of television programs and sporting broadcast rights	385,737	1,085,735	93,496	1,564,968
Contracts for employee services	39,603	13,407	–	53,010
Contracts for other services	22,939	21,627	22,838	67,404
	<b>471,132</b>	<b>1,189,487</b>	<b>193,362</b>	<b>1,853,981</b>
<b>Year ended 24 June 2017</b>				
Capital expenditure commitments	3,246	–	–	3,246
Operating lease commitments	21,133	71,857	92,228	185,218
Contracts for purchase of television programs and sporting broadcast rights	311,003	849,453	90,705	1,251,161
Contracts for employee services	56,779	24,252	–	81,031
Contracts for other services	46,125	31,811	23,085	101,021
	<b>438,286</b>	<b>977,373</b>	<b>206,018</b>	<b>1,621,677</b>

### Types of Commitments

#### *Capital expenditure commitments*

Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities.

#### *Operating lease commitments*

Operating lease commitments relate to minimum lease payments on non-cancellable leases contracted for at the reporting date but not recognised as liabilities.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight line basis over the period of the lease.

The Group leases various offices, equipment, sites and residential premises under non-cancellable operating leases expiring within 1 to 12 years (2017: 1 to 13 years).

The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

#### *Contracts for purchase of television programs and sporting broadcast rights*

Commitments for minimum payments in relation to non-cancellable purchase contracts of television programs and sporting broadcast rights at the reporting date but not recognised as liabilities.

#### *Contracts for employee services*

Commitments for minimum payments in relation to non-cancellable contracts for employee services at the reporting date but not recognised as liabilities.

#### *Contracts for other services*

Commitments for minimum payments in relation to non-cancellable contracts for other services at the reporting date but not recognised as liabilities.

## SECTION 3

# Other Key Balance Sheet Items

## 3.1. Intangible Assets

### Accounting policy

#### Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the consideration and transaction cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Refer to Note 3.1.1 for further details on impairment.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. Intangible assets with indefinite lives are tested for impairment annually. The amortisation period and method is reviewed at least annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Useful life	Amortisation method used	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Television licences	Indefinite	No amortisation	Acquired
The West mastheads	Indefinite	No amortisation	Acquired
Radio licences	Indefinite	No amortisation	Acquired
Pacific mastheads	Indefinite	No amortisation	Acquired
Trademark	Finite (10–15 years)	Amortised on a straight line basis over its useful life	Acquired
Pacific licences	Finite (8–25 years)	Amortised on a straight line basis over the period of the licence	Acquired
Program copyrights	Finite (length of contract)	Amortised on a straight line basis over the period of the copyright	Acquired
Computer software	Finite (3–5 years)	Amortised on a straight line basis over its useful life	Internally generated and acquired

	REF	Licences \$'000	Mastheads \$'000	Program copyrights \$'000	Computer software \$'000	Goodwill \$'000	Trade- mark \$'000	Total \$'000
<b>Year ended 30 June 2018</b>								
Opening net book amount		955,660	37,913	–	25,354	926	49	1,019,902
Additions		–	–	–	19,923	–	36	19,959
Amortisation charge		–	–	–	(10,214)	–	(7)	(10,221)
Acquisition of controlled entity	[A]	–	–	–	30	3,568	1,500	5,098
Impairment		–	–	–	(776)	–	–	(776)
<b>Closing net book amount</b>		<b>955,660</b>	<b>37,913</b>	<b>–</b>	<b>34,317</b>	<b>4,494</b>	<b>1,578</b>	<b>1,033,962</b>
<b>Comprised of:</b>								
Cost		2,355,396	251,124	20,848	111,819	1,257,333	1,597	3,998,117
Accumulated amortisation and impairment		(1,399,736)	(213,211)	(20,848)	(77,502)	(1,252,839)	(19)	(2,964,155)

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 3.1. Intangible Assets (continued)

	REF	Licences \$'000	Mastheads \$'000	Program copyrights \$'000	Computer software \$'000	Goodwill \$'000	Trade- mark \$'000	Total \$'000
<b>Year ended 24 June 2017</b>								
Opening net book amount		1,388,048	97,542	–	37,385	29,946	41	1,552,962
Additions		–	–	–	11,938	–	12	11,950
Amortisation charge		–	–	–	(10,381)	–	(4)	(10,385)
Acquisition of controlled entity	[B]	–	20,834	–	–	3,309	–	24,143
Impairment	[C]	(432,388)	(80,463)	–	(13,588)	(32,329)	–	(558,768)
<b>Closing net book amount</b>		<b>955,660</b>	<b>37,913</b>	<b>–</b>	<b>25,354</b>	<b>926</b>	<b>49</b>	<b>1,019,902</b>
<b>Comprised of:</b>								
Cost		2,355,396	251,124	20,848	91,866	1,253,765	61	3,973,060
Accumulated amortisation and impairment		(1,399,736)	(213,211)	(20,848)	(66,512)	(1,252,839)	(12)	(2,953,158)

A. Goodwill additions for the year relate to the acquisition of Great Southern Television Limited on 10th December 2017. Trademark acquired relates to the acquisition of The Mentor Platform Pty Limited on 19th January 2018.

B. In 2017, masthead additions relate to acquired business assets from Nationwide News Pty Limited, a subsidiary of News Corporation. The business assets acquired include the Sunday Times masthead and its digital edition, the Perth Now Website. Goodwill additions relate to the acquisition of Slim Film & Television Pty Limited on 28th July 2016 which had been subsequently impaired.

C. In 2017, the Group assessed the recoverable amount for each of the Cash Generating Units ('CGUs') and groups of CGUs being Television, The West (Metro and Regional) and Pacific businesses.

Refer to 3.1.1A for further details.

The impairments were recognised as a result of changes to key assumptions in the Group's cash flow forecasts at the time and includes:

### Television

- Medium and long term growth rates for traditional Free to Air television metro advertising market.

### The West and Pacific

- Further declines in circulation and advertising revenue in print publishing businesses.

### 3.1.1 Impairment of non-financial assets

#### Accounting policy

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units or CGUs). Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

In calculating the value-in-use, the cash flows include projections of cash inflows and outflows from continuing use of the CGU's assets. The cash flows are estimated for the assets of the CGU in their current condition and discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the CGU. The Group uses a 5 year discounted cash flow model based on board approved budgets and forecasts with a terminal growth rate for cash flows beyond the 5 year period.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit and loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit and loss.

#### Key judgements, estimates and assumptions

Goodwill and intangibles with indefinite useful lives are tested annually to determine if they have suffered any impairment in accordance with the Group accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less costs to sell approaches. These calculations require the use of estimates and assumptions. Refer to 3.1.1B for details on assumptions used.

### 3.1. Intangible Assets (continued)

#### 3.1.1A Allocation of goodwill and indefinite life assets

For the purpose of impairment testing, intangible assets with indefinite lives, including goodwill, are allocated to the Group's operating segments which represent the lowest level within the Group at which the assets are monitored for internal management purposes.

The table below outlines the allocation of goodwill and indefinite life assets:

Allocation of CGU Groups	Goodwill \$'000	Licences, mastheads \$'000	Total \$'000
<b>Year ended 30 June 2018</b>			
Television	3,568	938,344	941,912
The West (Metro and Regional)	–	37,913	37,913
Pacific	–	–	–
Radio	926	17,316	18,242
<b>Total goodwill and indefinite life assets</b>	<b>4,494</b>	<b>993,573</b>	<b>998,067</b>
<b>Year ended 24 June 2017</b>			
Television	–	938,344	938,344
The West (Metro and Regional)	–	37,913	37,913
Pacific	–	–	–
Radio	926	17,316	18,242
Total goodwill and indefinite life assets	926	993,573	994,499

#### 3.1.1B Impairment review of cash generating units ('CGUs') including goodwill and indefinite life assets

In accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of a CGU or group of CGUs exceeds its recoverable amount as at June 2018. The Group has determined the CGUs to be Television, The West (Metro and Regional) and Pacific businesses. The recoverable amount is determined using a value-in-use model.

In prior periods, Pacific mastheads, licences and goodwill have been fully written down. Management's assessment has shown no indicators of impairment reversal in the current period.

Key components of the calculation and the basis for each CGU are detailed below:

##### (i) Cash flows

Year 1 cash flows are based upon budgets for the next 12 months. Year 2 to 5 cash flows are based on the following assumptions:

##### Television

- The advertising market growth rates are assumed to be consistent with industry market participant expectations and long-term industry growth rates.
- The Company's share of Metro Free to Air advertising market is assumed to slightly increase due to the impact of the new Cricket agreement.
- Expenses are assumed to increase by CPI and known fixed increases for specific program rights.

##### The West (Metro and Regional) and Pacific

- Publishing revenue has been assumed to decline in line with past performance and management's expectations of market development.
- Digital revenue assumptions are in line with industry trends and management's expectations of market development.
- Expenses are expected to decrease based on committed cost reduction initiatives and volume assumptions.

##### (ii) Terminal growth factor

A terminal growth factor that estimates the long term growth for that CGU is applied to the year 5 cash flows into perpetuity. These terminal growth rates do not exceed long term expected industry growth rates. The terminal growth factor for each CGU is detailed below.

##### (iii) Discount rate

The discount rate is an estimate of the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the CGU.

The pre-tax and post-tax discount rates applied to the CGU's cash flows projections are detailed below.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 3.1. Intangible Assets (continued)

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Television	0.5%	0.5%	14.5%	13.9%	9.3%	9.3%
The West – Metro	0.0%	0.0%	13.4%	12.0%	10.5%	10.3%
The West – Regional	0.0%	0.0%	16.0%	15.5%	10.5%	10.3%

#### 3.1.1C Impact of possible changes in key assumptions

The values assigned to the key assumptions represent management's assessment of future performance in each CGU based on historical experience and internal and external sources. The estimated recoverable amounts are highly sensitive to key assumptions. The recoverable amounts of Television and The West (Regional and Metro) are consistent with the carrying amounts. Therefore any adverse movements in key assumptions would lead to changes in carrying amount.

### 3.2. Property, Plant and Equipment

Accounting policy

#### Measurement of cost

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when

it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### Depreciation

Asset class	Useful Life	Depreciation method used
Land	Indefinite	Not depreciated
Buildings	40 years	Straight line basis
Leasehold Improvements	Finite	Shorter of the life of the lease of each property or the life of the asset
Plant and equipment		
Printing presses and publishing equipment	15 years	Straight line basis to allocate their cost, net of their residual values, over their estimated useful lives
Other plant and equipment	3–10 years	Straight line basis to allocate their cost, net of their residual values, over their estimated useful lives

#### Impairment of assets

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in profit or loss.



## 3.2. Property, Plant and Equipment (continued)

	Freehold land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
<b>Year ended 30 June 2018</b>				
Opening net book value	80,630	3,868	75,061	159,559
Additions	474	–	10,139	10,613
Disposals	–	–	(117)	(117)
Depreciation charge	(3,068)	(178)	(21,783)	(25,029)
Impairment	–	–	(3,465)	(3,465)
Change due to movement in FX rates	–	–	11	11
<b>Closing net book amount</b>	<b>78,036</b>	<b>3,690</b>	<b>59,846</b>	<b>141,572</b>
<b>Comprised of:</b>				
<i>Cost</i>	<i>122,503</i>	<i>19,249</i>	<i>314,728</i>	<i>456,480</i>
<i>Accumulated depreciation</i>	<i>(44,467)</i>	<i>(15,559)</i>	<i>(254,882)</i>	<i>(314,908)</i>
<b>Year ended 24 June 2017</b>				
Opening net book value	82,689	4,650	121,758	209,097
Additions	1,278	–	18,467	19,745
Disposals	–	–	(183)	(183)
Depreciation charge	(3,056)	(251)	(31,583)	(34,890)
Impairment	(281)	(531)	(33,353)	(34,165)
Change due to movement in FX rates	–	–	(45)	(45)
<b>Closing net book amount</b>	<b>80,630</b>	<b>3,868</b>	<b>75,061</b>	<b>159,559</b>
<b>Comprised of:</b>				
<i>Cost</i>	<i>122,029</i>	<i>19,249</i>	<i>308,171</i>	<i>449,449</i>
<i>Accumulated depreciation</i>	<i>(41,399)</i>	<i>(15,381)</i>	<i>(233,110)</i>	<i>(289,890)</i>

**Key judgements, estimates and assumptions**

The estimation of useful life, residual value and depreciation methods require some judgement and are reviewed at least annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the income statement.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 3.3. Provisions

#### Accounting policy

Provisions are:

- recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resource will be required to settle the obligation and the amount can be estimated reliably.
- measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision	Description and measurement of provision
<b>[A]</b>	
<b>Employee benefits</b>	Provision for employee benefits includes annual leave, long service leave and short term incentives.
<i>Short-term employee benefits</i>	Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employee renders the service. It is measured at the amounts expected to be paid when the liabilities are settled.
<i>Long-term employee benefits</i>	Liability for long service leave which is not expected to be settled within 12 months after the end of the period.  It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.  Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.
<i>Short term incentives and bonus plans</i>	A liability is recognised when there is an obligation to settle the liability and at least one of the following conditions is met: <ul style="list-style-type: none"> <li>▪ there are formal terms in the plan for determining the amount of the benefit; or</li> <li>▪ past practice gives clear evidence of the amount of the obligation.</li> </ul>
<b>[B]</b>	
<b>Redundancy and restructuring</b>	Redundancy and restructuring provision is recognised when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. It is payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.
<b>[C]</b>	
<b>Onerous Contracts</b>	Provision for onerous contracts represents contracts where, due to changes in market conditions, the expected benefit is lower than the cost for which the Group is currently committed under the terms of the contract. The minimum net obligation under the contract is provided for. The provision is calculated as the net of the estimated economic benefit and the estimate of the committed cost discounted to present values.
<b>[D]</b>	
<b>Other</b>	
<i>Libel Claims</i>	Provision for libel claims against the Group in relation to published material.
<i>Make Good Provision</i>	Make good provision to restore the leased premises of its offices, studios and other premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

## 3.3. Provisions (continued)

REF	Employee Benefits [A] \$'000	Redundancy & Restructuring [B] \$'000	Onerous Contracts [C] \$'000	Other [D] \$'000	Total \$'000
<b>Carrying amount at 24 June 2017</b>	65,379	16,693	158,867	8,389	249,328
Amounts provided	28,626	11,311	–	225	40,162
Amounts utilised	(32,789)	(8,973)	(9,141)	(1,117)	(52,020)
Unwind of discount	–	–	4,162	31	4,193
<b>Balance as at 30 June 2018</b>	<b>61,216</b>	<b>19,031</b>	<b>153,888</b>	<b>7,528</b>	<b>241,663</b>
<b>Represented by:</b>					
Current	55,321	19,031	30,113	12	104,477
Non-current	5,895	–	123,775	7,516	137,186
	61,216	19,031	153,888	7,528	241,663

**Key judgements, estimates and assumptions**

The provision for restructuring and redundancy is in respect of amounts payable in connection with restructuring and redundancies, including termination benefits, on-costs, outplacement and consultancy services.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

**Key assumptions made concerning future events are:**

- The economic benefits expected to be received under the contracts is based on the historical benefits received on similar television programming and sports rights, adjusted to reflect the Group's expectation of future growth rates for the advertising market;
- The costs of fulfilling the contract are estimated with reference to contractual rates and historical incremental costs of similar programming assumed to increase by CPI; and
- The expected term of the legacy output deals is estimated based on current US market ratings performance and historical series life of similar programming.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## SECTION 4

# Taxation

### 4.1 Taxes

#### Accounting policy

##### *Current taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

##### *Deferred taxes*

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax losses, to the extent it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. In making this assessment, the Group considers the tax consequences of recovering assets and liabilities through sale, use and subsequent sale or through use and then abandonment or scrapping of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- Where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
  - i. Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
  - ii. Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Deferred tax liabilities are also not recognised on recognition of goodwill.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

##### *Offsetting deferred tax balances*

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

##### *Tax consolidation*

The Company and its wholly owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Seven West Media Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company or its subsidiaries are ultimately assumed by the head entity in the tax consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below).

##### *Nature of tax funding arrangements*

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to the head entity equal to the current tax liability assumed by the head entity resulting in a related party payable to the head entity equal in amount to the current tax liability assumed. This related party balance is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

## 4.1. Taxes (continued)

## Accounting policy continued

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised exclusive of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

	2018 \$'000	2017 \$'000
<b>Tax expense recognised in profit or loss</b>		
Current year tax expense	(33,261)	(44,137)
Adjustments for current tax of prior periods	(7,106)	(5,057)
Current tax expense	(40,367)	(49,194)
Deferred tax (expense) benefit	(22,520)	63,056
Adjustment for deferred tax of prior periods	5,995	7,104
Total tax (expense) benefit	(56,892)	20,966
<b>Reconciliation of tax expense to prima facie tax payable</b>		
Profit (loss) before tax	191,786	(765,962)
Tax at the Australian tax rate of 30% (2017: 30%)	(57,536)	229,789
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of net profit of equity accounted investees	8	135
Deferred tax assets not recognised in relation to impairment of equity accounted investees	-	(52,586)
Deferred tax assets not recognised in relation to impairment of assets held for sale	(3,555)	-
Deferred tax assets not recognised in relation to impairment of assets	-	(164,595)
Other changes in recognition of deferred tax assets and liabilities	-	1,501
Non-assessable income	5,066	4,063
Other non-assessable items	236	611
Adjustments for tax of prior periods	(1,111)	2,048
Tax (expense) benefit	(56,892)	20,966
<b>Tax recognised in other comprehensive income</b>		
Cash flow hedges	(1,047)	(1,504)
<b>Deferred tax asset not recognised</b>		
Deductible temporary differences	1,044,209	1,047,437

## Key judgements, estimates and assumptions

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 4.2. Deferred Tax Assets and Liabilities

	Balance 24 June 2017	Recognised in profit or loss	Recognised in other compre- hensive income	Increase due to acquisition of controlled entity	Balance 30 June 2018
Year ended 30 June 2018	\$'000	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:					
Trade and other receivables	7,393	(115)	–	–	7,278
Program rights and inventories	(126,303)	(1,458)	–	–	(127,761)
Equity accounted investees	(440)	(101)	–	–	(541)
Intangible assets	3,945	(735)	–	–	3,210
Property, plant and equipment	19,370	(1,623)	–	–	17,747
Trade and other payables	19,143	(3,304)	–	–	15,839
Provisions	78,194	(7,437)	–	–	70,757
Deferred income	5,957	(2,288)	–	–	3,669
Borrowings	(119)	44	–	–	(75)
Cash flow hedges	1,509	–	(1,047)	–	462
Transaction costs	690	(124)	–	–	566
Other	(686)	616	–	–	(70)
Net deferred tax (liabilities) assets	8,653	(16,525)	(1,047)	–	(8,919)

	Balance 25 June 2016	Recognised in profit or loss	Recognised in other compre- hensive income	Increase due to acquisition of controlled entity	Balance 24 June 2017
Year ended 24 June 2017	\$'000	\$'000	\$'000	\$'000	\$'000
The balance comprises temporary differences attributable to:					
Trade and other receivables	5,799	1,594	–	–	7,393
Program rights and inventories	(137,180)	10,877	–	–	(126,303)
Equity accounted investees	(604)	164	–	–	(440)
Intangible assets	153	3,792	–	–	3,945
Property, plant and equipment	3,988	15,382	–	–	19,370
Trade and other payables	18,613	530	–	–	19,143
Provisions	39,307	37,012	–	1,875	78,194
Deferred income	5,113	844	–	–	5,957
Borrowings	(1,274)	1,155	–	–	(119)
Cash flow hedges	3,013	–	(1,504)	–	1,509
Transaction costs	458	232	–	–	690
Other	736	(1,422)	–	–	(686)
Net deferred tax (liabilities) assets	(61,878)	70,160	(1,504)	1,875	8,653

## SECTION 5

# Capital Management

## 5.1. Borrowings

### Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings. Any related accrued interest is included in trade payables and accruals.

	2018 \$'000	2017 \$'000
<b>Non-current</b>		
Bank loans – unsecured, net of unamortised refinancing costs	<b>776,647</b>	795,159

### 5.1A Financial arrangements

As at 30 June 2018, the Group had access to unsecured bilateral revolving credit facilities to a maximum of \$900,000,000 (2017: \$900,000,000). The amount of these facilities undrawn at reporting date was \$120,000,000 (2017: \$100,000,000).

In addition, the Group continues to have access to a \$20,000,000 (2017: \$20,000,000) multi-option facility with Australia and New Zealand Banking Group Limited. As at reporting date, \$8,000,000 of this facility (2017: \$8,900,000) was utilised for the provision of bank guarantees.

The unsecured bank loans are net of \$3,352,000 refinancing costs (2017: \$4,840,000).

The facilities are subject to a weighted average interest rate of 3.86% at 30 June 2018 (2017: 3.56%).

As part of the bilateral facilities, the Group is subject to certain financial covenants measured on a six monthly basis. The Group has been in compliance with its financial covenant requirements to date including the period ending 30 June 2018.

#### Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was \$776,647,000 (2017: \$795,159,000).

#### Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 5.5.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 5.2. Share Capital

#### Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders.

	2018 \$'000	2017 \$'000
1,508,034,368 (2017: 1,508,034,368) Ordinary shares fully paid (refer note 5.2A)	<b>3,393,546</b>	3,393,546

#### 5.2A Movements in ordinary share capital

	2018 Shares	2017 Shares	2018 Shares	2017 Shares
Ordinary shares				
Balance at the beginning of the year	<b>1,508,034,368</b>	1,507,137,418	<b>3,393,546</b>	3,393,145
Movements during the year:				
Shares sold pursuant to cancellation of loan plan	–	896,950	–	401
Movement in ordinary shares	–	896,950	–	401
Balance at the end of the year	<b>1,508,034,368</b>	1,508,034,368	<b>3,393,546</b>	3,393,546

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.



### 5.3. Dividends

#### Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### 5.3A Dividends paid during the financial year

	2018 \$'000	2017 \$'000
Final ordinary dividend for the year ended 24 June 2017 of 2 cents per share (25 June 2016: 4 cents), fully franked based on tax paid at 30%, paid on 18 October 2017 (25 June 2016: 7 October 2016)	<b>30,161</b>	60,283
In December 2017 (FY18), no interim dividend has been declared.		
In December 2016 (FY17), the directors declared an interim dividend of 2 cents per ordinary share, fully franked based on tax paid at the rate of 30%. This was paid on 13 April 2017.	–	30,161
	<b>30,161</b>	90,444

#### 5.3B Dividends not recognised at year end

In 2018, no final dividend has been declared. In 2017, the directors declared a final dividend of 2 cents per ordinary shares, fully franked based on tax paid at the rate of 30%. The liability not recognised for each year end:	–	30,161
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#### 5.3C Franked dividends

Future franked dividends declared will be franked out of existing franking credits or out of franking credits arising from the receipt of franked dividends and the payment of tax in the year ending 30 June 2018.

Franking credits available for subsequent financial years based on a tax rate of 30% (2017: 30%)	<b>19,271</b>	20,945
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The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability or receivable;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

### 5.4. Share-Based Payments

#### Accounting policy

Employees of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments.

Share-based compensation benefits are provided to executives and employees in accordance with the Company's share purchase and loan plans and employment agreements.

#### Equity-settled transactions

The fair value of the rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions but excludes the impact

of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimate of the number of rights that are expected to vest based on the non-market vesting conditions.

It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 5.4. Share-Based Payments (continued)

### 5.4A Performance and share rights granted as compensation

The total expense recognised for share-based payments for all plans during the financial year for the Group was \$194,443 (2017: -\$202,034).

The accounting value of share-based payments may be negative where an executive's share-based expense includes cumulative adjustments for changes in non-market vesting conditions.

#### Long Term Incentive Plans

At 30 June 2018, performance rights that remain outstanding are from 2016 and 2018 Long Term Incentive Plans. The 2016 Long Term Incentive Plan will expire on 1 September 2018.

The 2018 long term incentive plan was established in the period and entitles key management personnel to performance rights. Holders of vested rights are entitled to fully paid ordinary shares in the Company.

A total of 4,045,842 performance rights were granted on 1 February 2018 and will be awarded when the performance conditions are met. The performance period commenced on 1 July 2017 and ends on 30 June 2020. The performance rights are subject to a total shareholder return (TSR) hurdle as well as an individual performance condition.

Performance rights do not carry any dividend or voting rights prior to vesting and are all equity settled. Vesting of the rights are subject to the condition that the executive remains employed by the Company at the vesting date. None of the performance rights have vested however 1,328,845 were forfeited during the year.

#### Short Term Incentive Plans

The Group granted a 2018 short term incentive plan that entitles key management personnel to shares based on 50 per cent of the Financial Year's STI awards.

The restricted shares are subject to the condition that the executive remains employed by the Company at the vesting date (as detailed below).

An estimated 509,877 (2017: 271,333) restricted shares will be granted on or about 1 September 2018 (2017: 1 October 2017). The estimated number and fair value of the restricted shares as at 30 June 2018 is based on 50 per cent of the STI pool awarded. The performance period commenced on 24 June 2017 and ends on 29 June 2019 (2017: 26 June 2016 and ends on 30 June 2018).

	2018 Long Term Incentive Plan
Grant date	1 February 2018
Award type	Performance Rights
Vesting Conditions	Relative TSR and KPI outcomes
Performance period	1 July 2017 to 30 June 2020
Vesting Date	19 August 2020
Share price at grant date	\$0.57
Number of rights granted	4,045,842
Fair value at grant date	\$0.16
Volatility – Seven West Media	35%
Volatility – ASX 200 Consumer Discretionary Accumulation Index	13%
Correlation between Seven West Media and ASX 200 Consumer Discretionary Accumulation Index	40%
Risk free interest rate	2.05%
Dividend yield	6.8%
Valuation methodology	Monte-Carlo simulation

#### Key judgements, estimates and assumptions

The Group measures the cost of equity transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a valuation model. The most appropriate valuation model used is dependent on the terms and conditions of the grant. The estimate also requires determination of the most appropriate inputs into the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

## 5.5. Capital and Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, capital risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments (interest rate swaps and collars) to hedge certain interest rate risk exposures and forward foreign exchange contracts to hedge certain foreign exchange risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and aging analysis for credit risk.

### 5.5A Market risk

Market risk is defined as possible changes in market prices, such as foreign exchange rates and interest rates that will affect the fair value or future cash flows of the Group's financial instruments. The key components of market risks are:

#### (i) Price risk

Price risk refers to the risk of a decline in the value of a security or a portfolio. The Group is not exposed to significant price risk.

#### (ii) Interest rate risk

Interest rate risk refers to the risks that the value of a financial instrument or its associated cash flows will fluctuate in response to changes in market interest rates. The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

The Group's main interest rate risk arises from long-term borrowings. Borrowings sourced at variable rates expose the Group to cash flow interest rate risk. The Group has mitigated this interest rate risk by entering into derivative transactions, including interest rate swaps and collars.

As at the end of the reporting period the Group had the following instruments:

	2018 \$'000	2017 \$'000
<b>Variable rate instruments</b>		
<b>Cash at bank, on hand and at call</b>	<b>142,163</b>	69,490
Weighted average interest rate	2.14%	2.06%
<b>External borrowing facilities</b>	<b>780,000</b>	800,000
Weighted average interest rate	3.86%	3.56%
<b>Net debt (excluding unamortised refinancing costs)</b>	<b>637,837</b>	730,510
<b>Interest Rate Swaps</b>		
Total Hedged	200,000	200,000
% of net debt hedged	31%	27%
Weighted average interest rate	2.78%	2.78%
Expiry date	June 2021	June 2021
<b>Interest Rate Collars</b>		
Total Hedged	150,000	–
% of net debt hedged	24%	–
Interest rate cap	2.39%	–
Interest rate floor	1.85%	–
Expiry date	June 19 – June 21	–
<b>Total percentage of net debt hedged</b>	<b>55%</b>	27%
<b>Net exposure to cash flow interest rate risk</b>	<b>287,837</b>	530,510

The changes in fair value of cash flow hedges during the year amounts to a pre-tax increase in equity of \$3,490,000 (2017: \$5,011,000).

There are no receivables on derivatives at balance date and the Group's current receivables generally do not bear interest.

There are no fixed rate instruments in place at 30 June 2018.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 5.5. Capital and Financial Risk Management (continued)

#### Group sensitivity

Based on the Group's outstanding floating rate borrowings and interest rate swaps at 30 June 2018, a change in interest rates of +/- 1% per annum with all other variables remaining constant would impact equity and after tax profit by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Net Profit/(Loss)		Reserves		Net Equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	(3,010)	(4,200)	4,879	4,874	1,869	674
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	3,010	4,200	(5,068)	(5,106)	(2,058)	(906)

#### (iii) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in foreign currency rates.

The Group has transactional currency risk; such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The foreign currency contracts are being used to reduce the exposure to the foreign exchange risk.

As at the end of the reporting period, the Group had the following exposure to foreign exchange risk:

	2018 \$'000	2017 \$'000
Receivables:		
Foreign exchange receivables and forward contracts	4,875	3,710
Payables:		
Foreign exchange payables and forward contracts	(4,754)	(3,610)
Net exposure	121	100

#### Group sensitivity

Based on the Group's financial instruments held at 30 June 2018, had the Australian dollar weakened/strengthened by 10% against the US dollar, Euro, UK pound and New Zealand dollar, with all other variables held constant, the Group's equity and after tax profit for the year would not have changed significantly (2017: no significant impact). The analysis was performed on the same basis as 2017 and ignores any impact of forecasted sales and purchases.

#### 5.5B Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from credit exposures to customers, cash and cash equivalents and derivative financial instruments.

Credit risk is managed on a Group basis. The Group limits its exposure in relation to cash balances and derivative financial instruments by only dealing with well-established financial institutions of high quality credit standing. For other customers, risk control assesses the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits are regularly monitored.

#### 5.5C Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and monitoring the Group's liquidity reserve on the basis of these cash flow forecasts. In addition, the Group had access to total debt funding under its bilateral facilities equal to \$900,000,000 of which only \$780,000,000 is drawn at reporting date.

## 5.5. Capital and Financial Risk Management (continued)

### Maturities of financial liabilities

The table analyses the Group's financial liabilities including interest to maturity into relevant groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted principal and interest cash flows and therefore may not agree with the carrying amounts in the statement of financial position. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	Less than one year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount – liabilities \$'000
<b>At 30 June 2018</b>				
Non-derivative financial liabilities				
Trade and other payables	280,217	26,504	306,721	306,721
Unsecured loans	30,123	819,118	849,241	776,647
<b>Total non-derivatives</b>	<b>310,340</b>	<b>845,622</b>	<b>1,155,962</b>	<b>1,083,368</b>
Derivative financial liabilities				
Net settled interest rate swaps and collar	1,340	2,632	3,972	3,441
Gross settled forward foreign exchange contracts – cash flow hedges:				
▪ (inflow)	(4,875)	–	(4,875)	(130)
▪ outflow	4,754	–	4,754	–
<b>Total derivatives</b>	<b>1,219</b>	<b>2,632</b>	<b>3,851</b>	<b>3,311</b>
<b>Total financial liabilities</b>	<b>311,559</b>	<b>848,254</b>	<b>1,159,813</b>	<b>1,086,679</b>
	Less than one year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount – liabilities \$'000
<b>At 24 June 2017</b>				
Non-derivative financial liabilities				
Trade and other payables	279,444	18,341	297,785	297,785
Unsecured loans	28,954	865,478	894,432	795,159
<b>Total non-derivatives</b>	<b>308,398</b>	<b>803,819</b>	<b>1,192,217</b>	<b>1,092,944</b>
Derivative financial liabilities				
Net settled interest rate swaps and collar	2,165	6,314	8,479	5,872
Gross settled forward foreign exchange contracts – cash flow hedges:				
▪ (inflow)	(3,710)	–	(3,710)	(116)
▪ outflow	3,610	–	3,610	–
<b>Total derivatives</b>	<b>2,065</b>	<b>6,314</b>	<b>8,379</b>	<b>5,756</b>
<b>Total financial liabilities</b>	<b>310,463</b>	<b>810,133</b>	<b>1,200,596</b>	<b>1,098,700</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 5.5. Capital and Financial Risk Management (continued)

### 5.5D Fair value measurement

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amounts of financial instruments disclosed in the statement of financial position approximate to their fair values.

*AASB 7 Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Assets or liabilities measured and recognised at fair value through profit and loss are the assets/liabilities recognised in relation to interest rate cash flow hedges and foreign exchange cash flow hedges amounting to \$3,311,000 (2017: \$5,756,000). The fair values of these derivatives (classified as level 2 in the fair value measurement hierarchy) are measured with reference to forward interest rates and exchange rates and the present value of the estimated future cash flows.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

	2018 \$'000	2017 \$'000
Total unsecured bank facility	780,000	800,000
Less: unamortised refinancing costs	(3,352)	(4,840)
Less: cash and cash equivalents	(142,163)	(69,490)
<b>Net Debt</b>	<b>634,485</b>	<b>725,670</b>
Total Equity	528,287	418,909
Add back: Amounts accumulated in equity relating to cash flow hedges	1,080	3,523
<b>Adjusted equity</b>	<b>529,367</b>	<b>422,432</b>
<b>Net debt to adjusted equity ratio</b>	<b>120%</b>	<b>172%</b>

Investments of some equity accounted investees and assets helds for sale are measured at fair value (level 3) refer note 6.1 and note 7.4.

### 5.5E Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital consists of ordinary shares and retained earnings of the Group. The Board of directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## SECTION 6

# Group Structure

## 6.1. Equity Accounted Investees

	2018 \$'000	2017 \$'000
<b>Non-current</b>		
Investments in associates and jointly controlled entities	<b>3,445</b>	51,362

### Accounting policy

An associate is an entity, other than a subsidiary, over which the Group has significant influence but not control. Significant influence is the power to participate in the financial and operating decisions of the entity with shareholding generally being between 20 per cent and 50 per cent of the voting rights.

A jointly controlled entity is an entity in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control.

### Measurement

Interests in associates and jointly controlled entities are accounted for using the equity method. They are initially recognised at cost plus the investor's share of retained post-acquisition profits, impairment and other changes in net assets, until significant influence or joint control ceases.

Dividends received or receivable from equity accounted investees are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses equals or exceeds its interest in an equity accounted investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### Impairment

Equity accounted investees are tested for impairment annually or when indicators of impairments exist.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 6.1. Equity Accounted Investees (continued)

Name of entity	REF	Principal activities	Reporting date	Ownership interest	
				2018 %	2017 %
Airline Ratings Pty Limited	[A]	Ratings service provider	30 June	–	50.0
7Beyond Media Rights Limited		Television production	30 June	50.0	50.0
Bulls N' Bears Holdings Pty Ltd	[B]	Public company news provider	30 June	–	50.0
Community Newspaper Group Limited		Newspaper publishing	30 June	49.9	49.9
Crowdspark Limited (Formerly Newzulu Limited)		Citizen journalism	30 June	21.9	21.9
Draftstars Pty Ltd	[C]	Fantasy sports platform	30 June	–	33.3
Epicfrog Pty Limited (trading as Naboo)	[D]	Online social network	30 June	23.5	29.6
Evolink Pty Ltd (trading as Muzz Buzz Express)	[E]	Drive-through coffee franchise	30 June	–	50.0
Health Engine Pty Limited		Online health directory	30 June	16.3	16.3
New You Group Pty Limited (trading as Kochie Money Makeover)		Provider of general financial advice	30 June	50.0	50.0
Oscar Winter Pty Limited	[F]	Online retail jewellery business	30 June	33.3	33.3
Oztam Pty Limited		Ratings service provider	31 December	33.3	33.3
Starts at 60 Pty Limited		Online social network for seniors	30 June	35.3	35.3
TX Australia Pty Limited		Transmitter facilities provider	30 June	33.3	33.3
Yahoo Australia & New Zealand (Holdings) Pty Limited	[G]	Internet content provider	31 December	50.0	50.0

All of above entities are incorporated in Australia apart from 7Beyond Media Rights Limited which is incorporated in Ireland.

- A. Investment in Airline Ratings Pty Ltd was disposed of on 22nd February 2018.
- B. Investment in Bulls N' Bears Holdings Pty Ltd was disposed of on 30th June 2017.
- C. Investment in Draftstars Pty Ltd was disposed of on 9th January 2018.
- D. Following a capital raising by Epicfrog Pty Limited, the shareholding in this investment was diluted from 29.6% to 23.5%.

E. Investment in Evolink Pty Ltd Pty Ltd was disposed of on 24th September 2017.

F. Oscar Winter Pty Limited ceased trading on 11th May 2018. Shareholders are in the process of dissolving the company in the near future.

G. Investment in Yahoo!7 Pty Ltd has been reclassified as Asset Held for Sale following announcement by the Group to sell its 50% stake to Oath, a subsidiary of Verizon Inc. Refer note 7.4 for detail.

### 6.1A Significant Equity Accounted Investees

#### *Yahoo Australia and New Zealand (Holdings) Pty Limited*

Investment	A jointly controlled entity with Oath Inc. of which the Group has a 50% interest shareholding. Yahoo7 is a web portal providing e-mail, online news, lifestyle content as well as weather, travel and retail comparison services.
Principal place of business/ Country of incorporation	Australia
Accounting treatment	Equity method up to the date of announcement of sale on 28 March 2018. Refer note 7.4 for detail.

The following is summarised financial information of the investment, and reconciliation with the carrying amount of the investment in the consolidated financial statements. All amounts shown are 100% unless otherwise stated. There is no other comprehensive income recognised in the below numbers.



## 6.1. Equity Accounted Investees (continued)

Profit is presented as at March 2018 and Balance Sheet is presented as at June 2018.

	REF	2018 \$'000	2017 \$'000
Revenue		45,614	77,138
Net profit for the year (continuing operations)	[A]	1,977	10,591
Group's 50% share of profit for the year		988	5,295

A. Includes depreciation and amortisation of \$4,928,000 (2017: \$4,233,000) and income tax expense of \$620,000 (2017: \$4,889,000). Interest expense and income for both reporting periods is not significant.

Current assets	[B]	32,430	36,045
Non-current assets		71,082	76,247
Current liabilities		(9,352)	(16,792)
Non-current liabilities		(2,480)	(2,760)
Net assets		91,680	75,948

B. Includes cash and cash equivalents of \$17,634,000 (2017: \$19,292,000). There are no current or non-current financial liabilities (excluding trade and other payables and provisions).

	2018 \$'000	2017 \$'000
<b>Movements in carrying amount of the investment in Yahoo7</b>		
Carrying amount at the beginning of the financial year	46,379	200,779
Impairment of equity accounted investees (refer note 1.4)	–	(154,695)
Share of profit of investees after tax	988	5,295
Dividends received	–	(5,000)
Carrying amount of the investment before reclassification to Asset Held for Sale	47,367	46,379
Investment transferred to Asset Held for Sale (refer note 7.4)	(47,367)	–
Carrying amount of the investment at the end of the financial year	–	46,379

### Prior year impairment

Following a formal impairment assessment during 2017, the Group recorded a total impairment charge of \$154.7 million (\$75.5 million in December 2016 and \$79.2 million in June 2017). The impairment charge was a result of the following factors:

- Change in contractual arrangements between Seven and Yahoo7 relating to long form catch up television service following Verizon Inc's acquisition of Yahoo Inc.
- Acceleration in the decline of the premium display market.

The recoverable amount was calculated using a 5 year cash flow value-in-use model based on budgets and forecasts using a pre-tax discount rate of 11.6% and a terminal value growth rate of 3.0%.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 6.1. Equity Accounted Investees (continued)

#### 6.1B Other Equity Accounted Investees

Below is the summarised financial information for the Group's remaining associates and jointly controlled investments.

	REF	2018 \$'000	2017 \$'000
Net loss for the year (continuing operations)		(14,629)	(15,229)
Group's share of profit (loss) for the year	[A]	716	(4,846)

A. Share of profit (loss) is based on ownership percentage ranging from 16.3% to 50% for each equity accounted investee.

	2018 \$'000	2017 \$'000
<b>Movements in carrying amount of other equity accounted investees</b>		
Carrying amount at the beginning of the financial year	4,983	15,231
Impairment of equity accounted investees (refer note 1.4)	(1,254)	(21,340)
Share of profit (loss) of investees after tax	716	(4,846)
Dividends received	(1,000)	(1,280)
Acquisitions and other movements	-	17,218
Carrying amount of the investments at the end of the financial year	3,445	4,983

The carrying amount of each investment is based on the fair value of investments at acquisition date adjusted for equity accounted profits, dividends, impairments and any other movement since acquisition.

The Group has not recognised losses in relation to its interests in equity accounted investees as the Group has no obligation in respect of these losses.

### 6.2. Investments in Controlled Entities

#### Accounting policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Seven West Media Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. Seven West Media Limited and its subsidiaries together are referred to in this financial report as the "Group."

The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

## 6.2. Investments in Controlled Entities (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described above.

Name of entity	Notes	Country of incorporation	Ownership interest	
			2018 %	2017 %
7Wonder Productions Limited		United Kingdom	–	50
Albany Advertiser Pty Ltd	[A]	Australia	100	100
Australian National Television Pty Limited	[C]	Australia	100	100
Australian Regional Broadcasters Pty Ltd	[A]	Australia	100	100
Australian Television International Pty Limited	[C]	Australia	100	100
Australian Television Network Limited	[C]	Australia	100	100
Bluegem Holdings Pty Ltd (Trading as TriEvents)		Australia	80	80
Channel Seven Adelaide Pty Limited	[C]	Australia	100	100
Channel Seven Brisbane Pty Limited	[C]	Australia	100	100
Channel Seven Melbourne Pty Limited	[C]	Australia	100	100
Channel Seven Perth Pty Limited	[C]	Australia	100	100
Channel Seven Queensland Pty Limited	[C]	Australia	100	100
Channel Seven Sydney Pty Limited	[C]	Australia	100	100
Coast Australia Production Pty Limited		Australia	70	–
Cobbittee Publications Pty Limited	[C]	Australia	100	100
Colorpress Australia Pty Ltd	[A]	Australia	100	100
ColourPress Pty Ltd	[A]	Australia	100	100
ComsNet Pty Ltd	[A]	Australia	100	100
Dansted and McCabe Holdings Pty Ltd	[A]	Australia	100	100
Dodds Street Properties Pty Limited	[C]	Australia	100	100
Endurance Media Limited		New Zealand	70	–
Faxcast Australia Pty Limited	[C]	Australia	100	100
Geraldton FM Pty Ltd	[A]	Australia	100	100
Geraldton Newspapers Pty Ltd	[A]	Australia	100	100
Great Northern Broadcasters Pty Ltd	[A]	Australia	100	100
Great Southern Film and Television Pty Limited		Australia	70	–
Great Southern Television Limited		New Zealand	70	–
Harlesden Investments Pty Ltd	[A]	Australia	100	100
Herdsmen Print Centre Pty Ltd	[A]	Australia	100	100
Herdspres Leasing Pty Ltd	[A]	Australia	100	100
Hocking & Co. Pty Ltd	[A]	Australia	100	100
Hybrid Television Services (ANZ) Pty Limited	[I]	Australia	100	100
Impact Merchandising Pty Limited	[E]	Australia	100	100
Jupelly Pty Limited	[C]	Australia	100	100
Kenjins Pty Limited	[C]	Australia	100	100
Media Beach Pte. Limited		Singapore	50	50
North West Radio Pty Ltd	[A]	Australia	100	100

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 6.2. Investments in Controlled Entities (continued)

Name of entity	Notes	Country of incorporation	Ownership interest	
			2018 %	2017 %
Pacific MM Pty Limited	[C]	Australia	100	100
Pacific Magazines Pty Limited	[C]	Australia	100	100
Pacific Magazines Trust		Australia	100	100
Pacific Magazines (No. 2) Pty Limited	[C]	Australia	100	100
Pacific Magazines NZ Limited		New Zealand	100	100
Pacific Magazines NZ Merchant Company Limited		New Zealand	100	100
Pacific Magazines (PP) Pty Ltd	[C]	Australia	100	100
Pacific Magazines (PP) Holdings Pty Ltd	[C]	Australia	100	100
Pacific Magazines (WHO) Pty Ltd		Australia	100	100
Quokka Press Pty Ltd	[A]	Australia	100	100
Quokka West Pty Ltd	[A]	Australia	100	100
Red Music Publishing Pty Limited	[D]	Australia	100	100
Red Publishing Pty Limited	[C]	Australia	100	100
Redwave Media Pty Ltd	[A]	Australia	100	100
Riverlaw Holdings Pty Limited	[A]	Australia	100	100
Seven DS Holdings Pty Ltd	[I]	Australia	100	100
Seven Facilities Pty Ltd	[H]	Australia	100	100
Seven Magazines Pty Limited	[C]	Australia	100	100
Seven Network (Operations) Limited	[C]	Australia	100	100
Seven Network Programming Pty Limited	[C]	Australia	100	100
Seven Productions NZ Limited		New Zealand	100	100
Seven Regional Operations Pty Limited	[C]	Australia	100	100
Seven Rights Pty Ltd	[J]	Australia	100	100
Seven Satellite Operations Pty Limited	[G]	Australia	100	100
Seven Satellite Pty Limited	[C]	Australia	100	100
Seven Studios Distribution Pty Ltd	[J]	Australia	100	100
Seven Studios Holdings Pty Ltd	[I]	Australia	100	100
Seven Studios Pty Limited	[F]	Australia	100	100
Seven Television Australia Limited	[C]	Australia	100	100
Seven West Media Investments Pty Limited	[C]	Australia	100	100
Slim Film & TV Limited		United Kingdom	25	25
SMG H1 Pty Limited	[B]	Australia	100	100
SMG H2 Pty Limited	[B]	Australia	100	100
SWM Finance Pty Limited	[B]	Australia	100	100
SWM Media Holdings Pty Ltd	[I]	Australia	100	100
SMG H4 Pty Limited	[C]	Australia	100	100
SMG H5 Pty Limited	[C]	Australia	100	100
South West Printing and Publishing Company Ltd	[A]	Australia	100	100
Southdown Publications Pty Limited	[C]	Australia	100	100
Spirit Radio Network Pty Ltd	[A]	Australia	100	100

## 6.2. Investments in Controlled Entities (continued)

Name of entity	Notes	Country of incorporation	Ownership interest	
			2018 %	2017 %
Sunshine Broadcasting Network Limited	[C]	Australia	100	100
The Mentor Platform Pty Limited		Australia	50	–
The Pacific Plus Company Pty Limited	[C]	Australia	100	100
W.A. Broadcasters Pty Ltd	[A]	Australia	100	100
WAN Cinemas Pty Limited	[A]	Australia	100	100
West Australian Entertainment Pty Ltd	[A]	Australia	100	100
West Australian Newspapers Limited	[A]	Australia	100	100
West Central Seven Limited	[C]	Australia	100	100
Western Mail Pty Ltd	[A]	Australia	100	100
Western Mail Operations Pty Ltd	[A]	Australia	100	100
Westroyal Pty Ltd	[A]	Australia	100	100
Wide Bay – Burnett Television Limited	[C]	Australia	100	100
Zangerside Pty Limited	[C]	Australia	100	100
Zed Holdings Pty Limited	[C]	Australia	100	100

The class of all shares is ordinary and the entities entered into the Deed of Cross Guarantee with Seven West Media Limited under ASIC Corporations (wholly-owned companies) instrument 2016/785 by Assumption Deed on 8 April 2004. The dates below show when the deed was amended:

- A. Prior to 30 June 2009.
- B. 20 June 2011.
- C. 26 June 2012.
- D. 18 April 2013.
- E. 30 September 2013.
- F. 1 May 2015.
- G. 16 June 2015.
- H. 31 March 2016.
- I. 1 December 2016.
- J. 12 May 2017.

Pursuant to ASIC Corporations (wholly-owned companies) instrument 2016/785, certain wholly-owned subsidiaries, as noted above, are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the 'Holding Entity' and each of the wholly-owned subsidiaries enter into a Deed of Cross Guarantee under which each company guarantees the debts of the others.

Seven West Media Limited and its subsidiaries represent a 'Closed Group' for the purposes of the Seven West Media Limited Class Order, and as there are no other parties to its Deed of Cross Guarantee that are controlled by Seven West Media Limited, they also represent the 'Extended Closed Group.'

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

### 6.2. Investments in Controlled Entities (continued)

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018 of the Seven West Media Limited Closed Group is presented below according to the Class Order:

	2018 \$'000	2017 \$'000
<b>Statement of profit or loss and other comprehensive income</b>		
Revenue	1,599,165	1,653,542
Other income	474	5,415
<b>Revenue and other income</b>	<b>1,599,639</b>	<b>1,658,957</b>
Expenses	(1,383,191)	(1,390,351)
Impairment of intangible assets	–	(558,768)
Impairment of investments and other assets	(1,253)	(276,435)
Write down of assets held for sale	(11,868)	–
Redundancy and restructure costs	(11,311)	(6,881)
Onerous contracts	–	(139,582)
Net gain on sale of other assets	8,224	–
Net gain (loss) on disposal of investments and controlled entities	13,520	(7,138)
Share of net profit of equity accounted investees	1,704	449
<b>Profit (loss) before net finance costs and tax</b>	<b>215,464</b>	<b>(719,749)</b>
Finance costs	(36,912)	(40,367)
Finance income	1,444	1,488
<b>Profit (loss) before tax</b>	<b>179,996</b>	<b>(758,628)</b>
Tax (expense) benefit	(56,626)	19,488
<b>Profit (loss) for the year</b>	<b>123,370</b>	<b>(739,140)</b>
<b>Other comprehensive income (expense)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Effective portion of changes in fair value of cash flow hedges	3,490	5,011
Exchange differences on translation of foreign operations	434	(810)
Tax relating to items that may be reclassified subsequently to profit or loss	(1,047)	(1,504)
<b>Other comprehensive income for the year, net of tax</b>	<b>2,877</b>	<b>2,697</b>
<b>Total comprehensive income (expense) for the year</b>	<b>126,247</b>	<b>(736,443)</b>

## 6.2. Investments in Controlled Entities (continued)

The consolidated statement of financial position for the year ended 30 June 2018 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2018 \$'000	2017 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	139,393	66,053
Trade and other receivables	274,372	278,703
Current tax receivable	9,754	3,542
Program rights and inventories	204,939	186,224
Asset held for sale	35,500	–
Other assets	6,946	3,809
<b>Total current assets</b>	<b>670,904</b>	<b>538,331</b>
<b>Non-current assets</b>		
Program rights	2,169	2,559
Equity accounted investees	3,446	51,362
Other investments	27,436	20,436
Property, plant and equipment	141,396	159,216
Intangible assets	1,031,972	1,019,833
Deferred tax assets	–	8,476
Other assets	6,968	4,181
<b>Total non-current assets</b>	<b>1,213,387</b>	<b>1,266,063</b>
<b>Total assets</b>	<b>1,884,291</b>	<b>1,804,394</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	284,729	273,479
Provisions	104,372	84,802
Deferred Income	24,805	36,329
<b>Total current liabilities</b>	<b>413,906</b>	<b>394,610</b>
<b>Non-current liabilities</b>		
Trade and other payables	29,785	24,053
Provisions	137,186	164,399
Deferred income	–	4,456
Deferred tax liability	9,089	–
Borrowings	776,647	795,159
<b>Total non-current liabilities</b>	<b>952,707</b>	<b>988,067</b>
<b>Total liabilities</b>	<b>1,366,613</b>	<b>1,382,677</b>
<b>Net assets</b>	<b>517,678</b>	<b>421,717</b>
<b>EQUITY</b>		
Share capital	3,335,576	3,335,811
Reserves	(49,359)	(51,016)
Non-controlling interest	(1,071)	(1,088)
Accumulated deficit	(2,767,468)	(2,861,990)
<b>Total equity</b>	<b>517,678</b>	<b>421,717</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 6.3. Parent Entity Financial Information

### Accounting policy

The financial information for the Parent Entity, Seven West Media Limited, has been prepared on the same basis as the consolidated financial statements, except for:

#### (i) *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements.

#### (ii) *Dividends received*

Dividends received from subsidiaries are recognised in profit and loss.

#### (iii) *Financial guarantees*

Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

### 6.3A. Summary of financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	Parent entity	
	2018	2017
	\$'000	\$'000
<b>Financial position of parent entity at year end</b>		
Current assets	9,119	3,976
Total assets	490,415	421,300
Current liabilities	1,169	1,261
Total liabilities	1,169	1,261
<b>Total equity of the parent entity comprising of;</b>		
Share capital	3,393,546	3,393,546
Reserves		
Asset revaluation reserve	8,352	8,352
Equity compensation reserve	3,465	3,270
Accumulated deficit	(3,454,428)	(3,455,601)
Profits reserve	538,311	470,472
	489,246	420,039
<b>Result of parent entity</b>		
Profit (loss) for the year	99,172	(801,963)
Total comprehensive income (expense) for the year	99,172	(801,963)

### 6.3B. Guarantees entered into by the parent entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to \$nil (2017: \$nil).

There are cross guarantees given by Seven West Media Limited and its subsidiaries described in note 6.2.

### 6.3C. Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at 30 June 2018 or 24 June 2017.

### 6.3D. Contractual commitments for the acquisition of property, plant or equipment

The Parent Entity had no contractual commitments for the acquisition of property, plant or equipment as at 30 June 2018 or 24 June 2017.



## 6.4. Business Combinations

### Accounting policy

Accounting for acquisitions and business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

### Acquisitions in 2018

#### Acquisition of Great Southern Television Limited

On 10th December 2017, Seven West Media Limited acquired 70% of Great Southern Television Limited and its subsidiaries. The company is based in New Zealand and develops, creates and produces programs for an international audience.

Net assets acquired were \$0.2m and purchase consideration transferred was \$3.7m. The goodwill of \$3.6m comprises the value of expected synergies arising from the acquisition.

#### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

	2018 \$'000
<b>Assets</b>	
Cash	1,791
Receivables	1,210
Fixed Assets	76
Intangibles	30
<b>Total Assets</b>	<b>3,107</b>
<b>Liabilities</b>	
Trade payables and accruals	929
Deferred Income	1,932
Other payables	3
<b>Total Liabilities</b>	<b>2,864</b>
<b>Total identifiable net assets at fair value</b>	<b>243</b>
Ownership of net assets at fair value	170
Goodwill arising on acquisition	3,568
<b>Purchase consideration transferred</b>	<b>3,738</b>

#### Acquisition of The Mentor Platform Pty Ltd

On 19 January 2018, Seven West Media Limited acquired 50% of The Mentor Platform Pty Ltd, a newly formed company. The company operates an online platform to allow small business owners to interact with other entrepreneurs for advice, and opens a marketplace for products relevant for small business owners. The total consideration was \$1.5m with trademarks being \$1.5m.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 6.5. Related Party Transactions

### 6.5A Transactions with related parties

The following transactions occurred with related parties during the financial year:

	2018 \$'000	2017 \$'000
<b>Sale of goods, advertising and other services</b>		
Equity accounted investees	10,432	12,658
Other related entities	1,201	1,681
<b>Purchase of goods, advertising and other services</b>		
Equity accounted investees	7,455	10,710
Other related entities	4,694	2,349
<b>Shareholder contribution</b>		
Equity accounted investees	966	9,610
Other related entities	397	153

### 6.5B Outstanding balances arising from sales/purchases of goods, advertising and other services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2018 \$'000	2017 \$'000
<b>Current receivables (sale of goods, advertising and other services)</b>		
Equity accounted investees	658	1,939
Other related entities	-	6
<b>Current payables (purchase of goods, advertising and other services)</b>		
Equity accounted investees	518	1,218
Other related entities	180	214

(i) There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

### 6.5C Parent entity

Seven West Media Limited is the ultimate Australian parent entity within the Group. There are no financial guarantees in respect of borrowings of a subsidiary, no contingent liabilities and no contractual commitments.

### 6.5D Subsidiaries

Interests in subsidiaries are set out in note 6.2.

### 6.5E Key management personnel

Transactions were entered into during the financial year with the Directors of Seven West Media Limited and its controlled entities or with Director-related entities, which:

- i. occurred within a normal customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
- ii. do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
- iii. are minor or domestic in nature.

## 6.5. Related Party Transactions (continued)

The following transactions occurred with Key Management Personnel (KMP) related parties:

	2018 \$'000	2017 \$'000
Revenues	–	15
Expenses	103	1,410

There were no receivable or payable balances at 30 June 2018 relating to transactions with KMP related parties that have not already been disclosed in the prior tables.

### *Terms and conditions*

Transactions were made on normal commercial terms and conditions.

### *Key management personnel compensation*

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment superannuation fund on their behalf (refer to the remuneration report on pages 83 to 84).

Executive officers also participate in the Group's Equity Incentive Plan for 2016 and 2018 (refer note 5.4).

	2018 \$'000	2017 \$'000
<b>Key management personnel compensation</b>		
Short-term employee benefits	8,090	9,366
Post-employment benefits		
Superannuation	239	267
Termination benefits	–	210
Share-based payments	428	(103)
Other long term benefits	110	145
	<b>8,867</b>	<b>9,885</b>

Detailed remuneration disclosures in respect of Directors and each member of key management personnel are provided in the remuneration report on pages 62 to 88.

### *Other transactions with key management personnel*

A number of Directors of Seven West Media Limited also hold directorships with other corporations which provide and receive goods or services to and from the Group in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct personal benefit from the transactions between the Group and these corporations.

Apart from the details disclosed in this note, no Director or KMP has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' or KMP interests existing at year end.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## SECTION 7

# Other

### 7.1. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	2018 \$	2017 \$
<b>Auditors of the Company – KPMG</b>		
<i>(i) Audit and other assurance services</i>		
Audit or review of the financial statements	511,083	575,875
Other audit and assurance services	59,384	90,529
Total remuneration for audit and other assurance services	570,467	666,404
<i>(ii) Other services</i>		
Other advisory services	219,756	13,764
Total remuneration of KPMG Australia	790,223	680,168

### 7.2. Contingent Liabilities

#### Contingent liabilities

The Group's tax liabilities have been calculated based on currently enacted legislation. Any changes to the tax law or interpretations (including proposed changes already announced) may require changes to the calculation of the tax balances shown in the financial statements.

Participation in media involves particular risks associated with defamation litigation and litigation to protect media rights. The nature of the Group's activities is such that, from time to time, claims are received or made by the Group. The directors are of the opinion that there are no material claims that require disclosure of such a contingent liability.

### 7.3. Events Occurring after the Reporting Date

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of these operations, or the state of affairs of the Group, currently or in future financial years.

### 7.4. Assets Held for Sale

Accounting policy

#### *Accounting for assets held for sale*

Non-current assets and disposal groups (assets and liabilities relating to an activity that is to be sold) are classified as 'held for sale' if their carrying amount is to be recovered principally through a sales transaction rather than through continuing use. The reclassification takes place when the assets are available for immediate sale and the sale is highly probable. These conditions are usually met as from the date on which a letter of intent or agreement to sell is ready for signing. Non-current assets held for sale and disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

## 7.4. Assets Held for Sale (continued)

### Asset held for sale

#### *Sale of Yahoo!7 Pty Ltd*

Yahoo7 is a web portal, providing email, online news and lifestyle content as well as weather, travel and retail comparison services. On 28 March 2018, the Company announced its intention to sell its 50% shareholding in Yahoo!7 Pty Ltd to Oath Inc, a Verizon Inc company. Over the last 24 months, Seven West Media has been taking back control of its content from Yahoo7. After selling its shares, Seven West Media will complete this process by reassuming all of its remaining digital content including 7 News, 7Sport and its short form video.

At 30 June 2018 the sale process was ongoing. In accordance with the terms of the shareholder agreement both shareholders have obtained an independent valuation of Yahoo7 prior to 30 June 2018, but no agreement has been reached on selling price. The final selling price of the Company's shareholding will now be determined based on a third independent valuation and this is expected to be finalised by October 2018.

An impairment loss of \$11.9 million, including estimated selling costs, to write down the Company's shareholding to the lower of its carrying amounts and its fair value less costs to sell has been included in Significant Items (Note 1.4). The non-recurring fair value measurement of Yahoo7 of \$35.5m has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The Company, together with their independent valuation expert, has estimated the selling price based on a 5 year cash flow model using budgets and forecasts determined based on their interpretation of the terms of the shareholders agreement, a discount rate of 10% and a terminal growth rate of 2%.

A loss on sale could arise in the future if the third independent valuation of Yahoo7 is less than the fair value measurement of \$35.5m as it will reduce the final selling price of the Company's shareholding in Yahoo7.

## 7.5. Summary of Other Significant Accounting Policies

### Other Significant Accounting Policies

#### Foreign currency translation

##### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (AUD), which is the Group's functional and presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

#### *Finance income and costs*

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. It comprises income on funds invested and fair value gains on financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, the ineffective portion of cash flow hedges and fair value losses on financial assets at fair value through profit or loss.

#### *Other investments and other financial assets*

Unlisted equity securities are available for sale non-derivative assets in which the Group does not have significant influence or control. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Financial assets are subsequently carried at fair value or cost if fair value cannot be reliably measured. Unrealised gains and losses arising from changes in their fair value are recognised in other comprehensive income or profit and loss.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

The fair value of quoted investments are based on current bid prices. For financial assets in a market that is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

#### *Financial guarantee contracts*

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 7.5. Summary of Other Significant Accounting Policies (continued)

### Other Significant Accounting Policies (continued)

#### *New accounting standards and interpretations*

A number of new accounting standards have been issued or amended but were not effective during the year ended 30 June 2018. The Group has elected not to early adopt any of these new standards or amendments in these financial statements.

#### *AASB 15 Revenue from Contracts with Customers*

The core principle of AASB 15 is that revenue is recognised when a customer obtains control of promised goods or services. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard has introduced a five-step model as the framework for applying that core principle as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract, introducing the new concept of 'distinct'
- Determining the transaction price – allocating the transaction price to the performance obligations in the contracts, on a relative stand-alone selling price basis
- Recognise revenue when (or as) the entity satisfies its performance obligation

AASB 15 also introduces new guidance on, amongst other areas, combining contracts, discounts, variable consideration, contract modifications and requires that certain costs incurred in obtaining and fulfilling customer contracts be deferred on the balance sheet and amortised over the period an entity expects to benefit from the customer relationship. As a result, the new standard places tighter requirements to recognise revenue over time.

AASB 15 will be adopted by the Group from 1 July 2018 and anticipates applying the standard on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements.

Management has completed a detailed accounting scoping analysis across each of the Group's operating segments and across the products and services within the Group's revenue streams. The analysis identified a material difference in the timing of revenue from 3rd party commissioned programs. AASB 15 requires revenue to be recognised based on delivery of episodes to the customer rather than current policy of percentage of completion. The impact of this change for the 2018 Financial Year is a net decrease of \$0.45m to opening retained earnings and an increase of \$2.4m and \$1.3m to revenue and cost respectively in relation to recognition of 3rd part commissioned programs based on delivery in FY18.

For all other revenues streams management has determined that the adoption of AASB 15 will not have a material impact on its consolidated results and financial position but will result in additional disclosures regarding the disaggregation of revenue.

#### *AASB 9 Financial Instruments*

This standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

AASB 9 will be adopted by the Group from 1 July 2018 and anticipates applying the standard on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements.

The Group has reviewed the accounting treatment of its debt facilities and have identified a material change under AASB 9. AASB 9 maintains the assessment criteria for determining if a debt refinancing is deemed to be substantial or non-substantial. For debt modifications that are non-substantial, the difference between the net present value of the expected future cashflows under the new facility is compared to the original facility and is capitalised and amortised over the remainder of the facility term.

Based on the Group's assessment of the 2016 refinancing, a benefit of \$9.8m will be recognised as an FY18 opening retained earnings adjustment on transition and interest expense in FY18 will increase by \$3m.

The standards also introduces a new impairment model that requires the recognition of impairment provisions based on the expected credit losses rather than incurred credit losses as measured under AASB 139. The change is not expected to impact the measurement of trade and other receivables when the method of measurement is introduced.

#### *AASB 16 Leases*

AASB 16 Leases, is effective from 1 July 2019 for SWM. The new standard will require the calculation and recognition of a right of use asset and corresponding liability based on the discounted value of committed lease payments. It removes the concept of operating and finance leases, replacing it with a single accounting model under which lessees must recognise all leases (including property and equipment) on the balance sheet as a new 'right of use asset' and 'lease liability'. The lease commitments which are currently expensed within EBIT, will be replaced by the straight-line amortisation of the right of use asset and will reduce the lease liability. As the lease liability will be carried at present value, an interest expense will arise over the period of the lease.

The Group has started reviewing lease agreements and portfolios for each of the segments in order to determine the full impact of AASB 16. At 30 June 2018, the full impact of adopting the standard has not yet been quantified, however, it is likely to have a material impact on the presentation of the Group's assets and liabilities, mainly due to property leases.

# Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2018

1. In the opinion of the Directors of Seven West Media Limited (the Company):
  - a. the consolidated financial statements and notes that are set out on pages 90 to 140 and the Remuneration Report on pages 62 to 88 in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. As at the date of this declaration, there are reasonable grounds to believe that the Company and the members of the Extended Closed Group identified in Note 6.2 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee, described in Note 6.2, between the Company and those group entities pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2018.
4. The Directors draw attention to page 90 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



**KM Stokes AC**

Chairman

Sydney

21 August 2018

# Independent Auditor's Report

TO THE SHAREHOLDERS OF SEVEN WEST MEDIA LIMITED



## Report on the audit of the Financial Report

### Opinion

We have audited the Financial Report of Seven West Media Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The Financial Report comprises:

- Consolidated Statement of Financial Position as at 30 June 2018;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

The Key Audit Matters we identified are:

- Valuation of Television Licences
- Valuation of Yahoo7 Asset Held for Sale
- Valuation of Metro Newspaper Mastheads and Property, Plant and Equipment (PPE).

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





## Valuation of Television Licences

Refer to Note 3.1 Intangible Assets to the Financial Report

### The key audit matter

Valuation of the Television Licences is a Key Audit Matter due to:

- The size of the asset, being the largest asset of the Group; and
- The level of judgement required by us in evaluating the estimates determined by the Group and their external valuation expert for forecast television advertising revenues and associated costs.

The level of growth in advertising revenue for commercial television networks continues to be threatened by changes in consumer viewing habits. This is driven by the increased use of alternative digital viewing platforms.

These ongoing changes create uncertainty in the key estimates used in the Television Licence value in use model, specifically:

- Free To Air (FTA) television advertising market growth rates – short, medium and long term (terminal growth factor);
- The Group's share of the Metro FTA advertising market; and
- The discount rate.

### How the matter was addressed in our audit

Our procedures included:

- Challenging the short, medium and long term forecast for FTA television advertising market growth rates and the Group's share of the metro FTA advertising market by evaluating the assumptions against published growth rates and industry reports. This procedure was performed with assistance from our valuation specialist;
- Evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against publicly available data of a group of comparable entities. This procedure was performed with assistance from our valuation specialist; and
- Assessing quantitative and qualitative disclosures in relation to the valuation by comparing these disclosures to our understanding of the valuation, the business and accounting standards requirements.



## Valuation of Yahoo7 Asset Held for Sale

Refer to Note 7.4 Assets Held for Sale to the Financial Report

### The key audit matter

Valuation of the Yahoo7 investment is a Key Audit Matter due to the level of judgment required by us in evaluating the Group's estimated fair value less cost to sell of their shareholding.

In March 2018 the Group announced their intention to sell their 50% shareholding in Yahoo7 to the other joint venture partner. Under the terms of the shareholders agreement both shareholders have obtained an independent valuation of Yahoo7 prior to 30 June 2018. The final selling price of the Group's shareholding will be determined based on a third independent valuation and this is expected to be finalised by October 2018.

The Group has assessed, together with their own independent valuation expert, their expectation of the fair value less cost to sell and as a result the Group has recorded an impairment charge of \$11,868,000.

### How the matter was addressed in our audit

Our procedures included:

- Reading the terms of the shareholder's agreement;
- Challenging the Group's assumptions that underpin their estimated fair value less cost to sell by comparing these with the terms of the shareholders agreement, the forecast performance of the business and the other shareholder's independent valuation assumptions. This procedure was performed with assistance from our valuation specialist;
- Assessing quantitative and qualitative disclosures in relation to the held for sale asset by comparing these disclosures to our understanding of the process and accounting standards requirements; and
- Recalculating the impairment charge against the recorded amount disclosed.



## Valuation of Metro Newspaper Mastheads and Property, Plant and Equipment (PPE)

Refer to Note 3.1 Intangible Assets to the Financial Report

### The key audit matter

Valuation of the Group's Metro Newspapers Mastheads and PPE is a Key Audit Matter due to the level of judgement required by us in evaluating the estimates determined by the Group and their external valuation expert for forecast advertising and circulation revenues and associated costs.

The Newspaper sector faces uncertainty as the demand for print media continues to be downwardly impacted by real time digitalisation of content. This creates significant uncertainty in the following key estimates underpinning the value in use impairment models:

- Future print advertising and circulation revenue growth rates in the short, medium and long term;
- Future revenue growth of associated and recently launched digital businesses;
- Costs and the impact of changes in print volumes; and
- The discount rate.

### How the matter was addressed in our audit

Our procedures included:

- Challenging management's short, medium and long term forecast's for print and digital revenue by comparing those assumptions with published industry growth rates and industry reports. This procedure was performed with assistance from our valuation specialist;
- Evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against publicly available data of a group of comparable entities. This procedure was performed with assistance from our valuation specialist;
- Assessing the accuracy of previous forecasting of revenue and costs and their correlation to print volumes, to inform our evaluation of forecasts included in the value in use impairment models;
- Evaluating the status of print related committed cost reduction initiatives included in the forecast cash flows against business plans and communications to employees; and
- Assessing quantitative and qualitative disclosures in relation to the valuation by comparing these disclosures to our understanding of the valuation, the business and accounting standards requirements.

### Other Information

Other Information is financial and non-financial information in Seven West Media Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar1.pdf](http://www.auasb.gov.au/auditors_files/ar1.pdf). This description forms part of our Auditor's Report.

**Report on the Remuneration Report**

**Opinion**

In our opinion, the Remuneration Report of Seven West Media Limited for the year ended 30 June 2018, complies with Section 300A of the *Corporations Act 2001*.

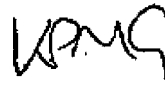
**Directors' responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*.

**Our responsibilities**

We have audited the Remuneration Report included in pages 64 to 88 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Tracey Driver  
Partner

Sydney

21 August 2018

# Company Information

## Directors

KM Stokes AC – Chairman  
TG Worner – Managing Director & Chief Executive Officer  
JH Alexander  
T Dyson  
D Evans  
PJT Gammell  
JG Kennett AC  
M Malone  
RK Stokes  
M Ziegelaar

## Company Secretary

WW Coatsworth

## Registered Office

Newspaper House  
50 Hasler Road  
Osborne Park WA 6017

## Share Registry

Boardroom Pty Limited  
Level 12  
Grosvenor Place  
225 George Street  
Sydney NSW 2000

## Auditor

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000

## Stock Exchange Listing

Australian Stock Exchange  
ASX code: SWM

## Legal Advisors

Herbert Smith Freehills  
ANZ Tower  
161 Castlereagh Street  
Sydney NSW 2000

Clayton Utz  
Level 15  
1 Bligh Street  
Sydney NSW 2000

Addisons  
60 Carrington Street  
Sydney NSW 2000

# Investor Information

## Shareholder Inquiries

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

### **Boardroom Pty Limited**

Level 12  
Grosvenor Place  
225 George Street  
Sydney NSW 2000

Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664 or

Visit the online service at [boardroomlimited.com.au](http://boardroomlimited.com.au)

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service visit the Boardroom Pty Limited website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7777 or visit the website at [www.sevenwestmedia.com.au](http://www.sevenwestmedia.com.au).

## Tax File Number Information

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven West Media Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Registry's website.

## The Chess System

Seven West Media Limited operates under CHES – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHES, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

## Shareholder Information

The shareholder information set out below was applicable at 23 July 2018.

### a. Distribution of equity securities

a. Analysis of numbers of equity security holders by size of holding:

Size of holding	Number of shareholders
1 – 1,000	4,435
1,001 – 5,000	7,608
5,001 – 10,000	2,651
10,001 – 100,000	3,032
100,001 and over	265
	17,991

b. There were 2,332 holders of less than a marketable parcel of ordinary shares.

### b. Equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	Number of ordinary shares held	Percentage of issued shares
Network Investment Holdings Pty Limited	611,600,387	40.56
HSBC Custody Nominees (Australia) Limited	226,786,665	15.04
Citicorp Nominees Pty Limited	175,749,544	11.66
JP Morgan Nominees Australia Limited	143,893,243	9.54
National Nominees Limited	38,793,010	2.57
BNP Paribas Nominees Pty Limited	33,183,769	2.20
BNP Paribas Nominees Pty Limited	20,117,917	1.33
UBS Nominees Pty Limited	14,474,377	0.97
Citicorp Nominees Pty Limited	10,488,205	0.70
3RD Wave Investors Limited	8,000,000	0.53
UBS Nominees Pty Limited	7,111,267	0.47
AMP Life Limited	6,182,729	0.41
BNP Paribas Nominees Pty Limited	5,106,000	0.34
Sojourn Services Pty Limited	2,500,000	0.17
Waratah Capital Partners Pty Limited	2,100,000	0.13
BNP Paribas Nominees (NZ) Limited	2,008,227	0.13
Sojourn Services Pty Limited	1,974,921	0.13
HSBC Custody Nominees (Australia) Limited	1,924,170	0.12
Mr John Rumble and Mrs Sonja Rumble	1,800,000	0.12
Darrell James Pty Limited	1,500,000	0.09
	1,315,294,431	87.21

**c. Substantial shareholders**

Substantial shareholders in the Company are set out below:

Name	Substantial holding*	Number of ordinary shares in substantial holding
Mr Kerry Matthew Stokes AC	40.94%	619,753,734
Australian Capital Equity Pty Limited	40.88%	618,711,654
Seven Group Holdings Limited	40.88%	618,711,654
Schroder Investment Management Australia Limited	5.14%	77,495,046

\* Based on issued capital at date of notification.

The above percentages include the relevant interests held pursuant to the *Corporations Act 2001* and accordingly may differ from that disclosed in note b.

**d. Voting rights**

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.





