

Seven West Media

Merger with Prime Media & Divestment of WA Radio Assets
(18 October 2019)



ABN 91 053 480 845

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Summary of Transactions and Strategic Initiatives

Merger with Prime Media and divestment of Redwave

1 Merger of SWM and Prime

Structure

- › All-scrip transaction to be implemented by way of a Prime Scheme of Arrangement (**Scheme**)
- › Prime shareholders to receive 0.4582 SWM shares for each Prime share held, allowing Prime shareholders to maintain exposure to broadcast TV industry in a larger & more relevant national platform
- › Merged group ownership to be split between SWM and Prime shareholders 90% and 10% respectively

Key Approvals and Timing

- › Regulatory approvals including any necessary approvals from ACMA and ACCC
- › Prime shareholder approval and Court approval of the Scheme (targeting December 2019)
- › Subject to conditions being satisfied, the Scheme is targeted to be implemented in early January 2020

Prime Board's Unanimous Recommendation

- › Directors of Prime have unanimously recommended Prime shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interest of Prime shareholders
- › Subject to the same qualifications, each Prime director has indicated that he or she intends to vote all Prime shares held or controlled by them in favour of the Scheme

2 Redwave divestment

- › Divestment of Western Australian radio assets (Redwave) to Southern Cross Media
- › Cash consideration of \$28m, representing an FY19 Enterprise Value/EBITDA multiple of 8x

Combination Creates Leading National Reach and Audience Proposition

Provides advertisers with seamless access to metro and regional Australia

Benefits of Merger with Prime



Potential reach to over 90% of Australia's population each month



Single platform to seamlessly access metro and regional markets



Enhances audience proposition through content and digital delivery



Expected cost synergies of \$11m on an annualised basis¹ – expected to be fully realised within 12-18 months from completion



Unlocks revenue potential of regional audiences



Expected to be EPS accretive on a pro forma basis following realisation of expected cost synergies

Network 7, Commercial Audience Share % (18:00 to 24:00)³

	Combined	Metro	Regional
Total population	40.1%	39.4%	41.9%
P 25-54	37.5%	36.1%	41.0%

¹ Excluding any one-off transaction and integration costs

² OzTAM (Metro), RegionalTAM (Regional). Network National Reach estimate based on Metro + Regional (excl TAS) for average total monthly unduplicated reach during Fiscal Year 2018/19 for at least a minute viewed of Total TV (FTA & STV) during a month. Data: Consolidated 28 (Live + As Live + TSV28)

³ OzTAM (Metro), RegionalTAM (Regional). Primetime: 1800-2400. Network National/Combined Commercial Share based on Fiscal 2018/19 average audience for Metro + Regional* (*excl TAS): Seven Network + Prime7/7Qld/GWN, Nine Network + SCA Nine Network, TEN Network + WIN Network. Data: Consolidated (Live + As Live + TSV7)

Regional Audience an Upside Opportunity

Regional Australia demographic attractive



Gold Coast, QLD



1| Large Population

36% of Australian population live in regional areas but only 10% of national media budget is allocated



2| High Discretionary Income

Average household income of 25-54-year olds is \$93k, with higher discretionary income due to lower cost of housing



3| Higher Weekly Shop

Regional weekly grocery spend is higher than metro



4| Online Shopping Penetration

5 of the 10 biggest online shopping postcodes in Australia are in regional areas



5| Robust Employment

Nearly half of 25-54-year olds are employed in white collar jobs

Synergy Value Creation

Expected cost synergies of \$11m on an annualised basis – expected to be fully realised within 12-18 months following implementation¹

Sources of Synergies

Cost synergies



Remove duplicated costs



Enhances operational efficiencies by reducing selling, broadcasting and operational costs



Remove Prime ASX listing costs



Consolidation of premises

Potential further upside from unlocking growth opportunities through a larger, more relevant platform with a uniquely valuable audience reach



PRIME
MEDIA GROUP

¹ Excluding any one-off transaction and integration costs

Note: Estimates derived from SWM and Prime management team collaboration

Unanimously recommended by Prime Board – targeting implementation in early January 2020



Significant cost synergies

Key Dates

Strictly Confidential