

## ASX ANNOUNCEMENT

Wednesday 28<sup>th</sup> May 2014

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

### ELECTRONIC LODGEMENT

Dear Sir or Madam,

#### **Nine Entertainment Co. Presentation – Investor Briefing 28 May 2014**

Attached is a copy of a presentation to be delivered by executives of Nine Entertainment Co., at NEC's Investor Briefing today.

Yours faithfully



**Simon Kelly**  
Chief Operating Officer, Chief Financial Officer  
& Company Secretary

Investor Day 28 May 2014



entertainment co. television digital events nine entertainment co. television digital events nine entertainment co. television digital events nine entertainment co. television digital events nine entertainment co. television digital events nine entertainment co. television digital events

2014

# Disclaimer



## Important notice and disclaimer

This document is a presentation of general background information about the activities of Nine Entertainment Co. Holdings Limited (“NEC”) current at the date of the presentation, (28 May 2014). The information contained in this presentation is of general background and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate. NEC, its related bodies corporate and any of their respective officers, directors and employees (“NEC Parties”), do not warrant the accuracy or reliability of this information, and disclaim any responsibility and liability flowing from the use of this information by any party. To the maximum extent permitted by law, the NEC Parties do not accept any liability to any person, organisation or entity for any loss or damage suffered as a result of reliance on this document.

## Forward looking statements

This document contains certain forward looking statements and comments about future events,

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## Pro Forma Financial Information

The Company has set out in this presentation certain non-IFRS financial information, in addition to information regarding its IFRS statutory information. The Company considers that this non-IFRS financial information is important to assist in evaluating the Company’s performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. In particular, this information is important for comparative purposes with Pro Forma information contained in the Company’s IPO Prospectus dated 8 November 2013. All dollar values are in Australian dollars (A\$) unless other stated.

# Agenda



- **Introduction and Welcome** David Gyngell, CEO / Simon Kelly, COO and CFO
- **NEC Sales and Nine Network** Peter Wiltshire, Group Sales and Marketing Director
- **Nine Perth** David Mott, Managing Director, Nine Perth
- **Nine Adelaide** Sean O'Brien, Managing Director, Nine Adelaide
- **News and Current Affairs** Darren Wick, Director of News and Current Affairs
- **Q&A** Q&A
- **Nine Events** Geoff Jones, CEO Nine Events
- **Nine Digital** Mark Britt, CEO Mi9
- **StreamCo** Mike Sneesby, CEO StreamCo
- **Q&A** Q&A



# nine entertainment co. sales

Peter Wiltshire

Group Sales and Marketing Director

# MM9

powered  
by **nine**

**TICKETEK**

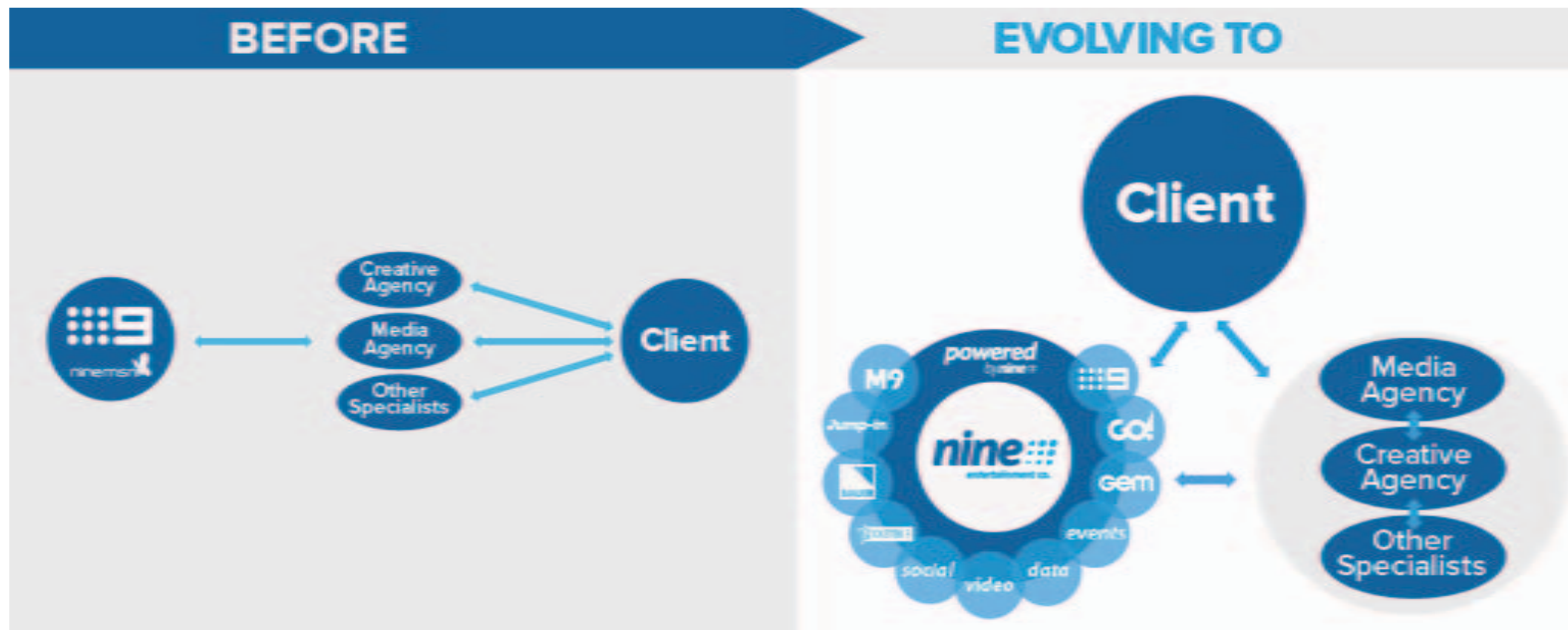
# nine :::: events

# 9

# The marketplace is evolving



- Australian media landscape is under-going enormous structural change with audiences and buying points continuing to fragment
- TV and digital continue to out-perform and are increasingly co-dependent. Together, they will secure each other's future
- Free To Air TV is becoming the only avenue able to deliver quick, consistent and effective reach to large scale audiences
- Adspend 'muscle' is consolidating, a threat to media companies as we compete for volume
- Clients are pushing media agencies to provide greater service and prove their value
- Large advertisers are forming closer relationships directly with media owners



2014

## Sales centralisation = one voice



- One centralised sales location from September 2014 means one voice in market
- Customer-aligned service model provides flexibility to accommodate new media acquisitions within existing structure
- Structure is defined around cross-platform 'athletes' leading the aligned NEC sales proposition, with specialisation behind customer leads
- Collaboration and centralisation of Trade Marketing, Research and Content Brand and Integration has occurred. Looking at the Consumer Marketing area
- Increased investment in Powered with representation in every market and a new Group Director of Powered

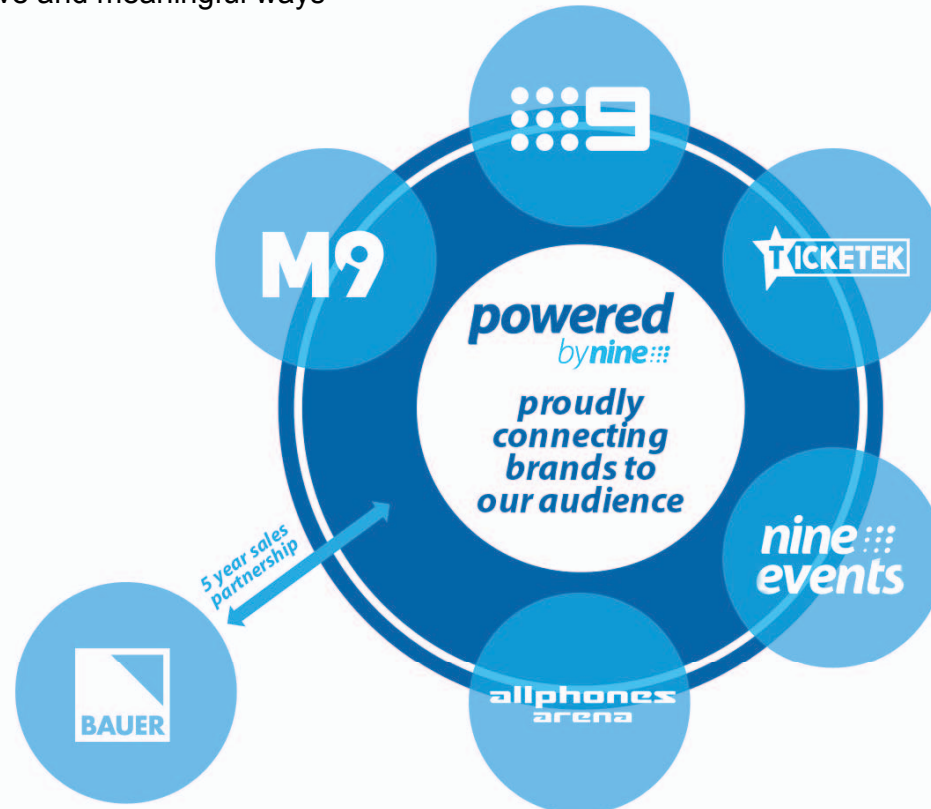


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## Powered maximises the combination



- Powered specialises in the ideation and strategy of market leading cross-platform solutions for our clients
- Working seamlessly across the group of organisations, Powered is able to amplify NEC's assets to deliver our clients' brand message in innovative and meaningful ways



2014



# Integrated platform

Exclusive behind the scenes coverage of 1D

**Daily Mail**  
Australia



**nine::live**

Tour organised by  
Nine Live

Partnership for tours

**SONY**  
Introduced 1D  
to Nine Live

**ONE DIRECTION**



Ticketing contract  
with Allphones Arena



1D perform on  
The Voice and TV  
Week Logie Awards

**allphones  
arena**  
6 concerts at  
Allphones Arena



1D performs on 9's  
Morning Show



Nine picks up incremental  
advertising from Coles



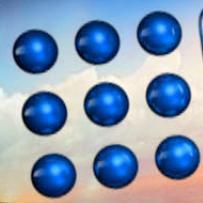
Exclusive marketing  
opportunity

19k Coles customers  
attend an exclusive  
concert at Allphones



∴ **nine network**

SEE IT FIRST



**9 NEWS**



when *Love*  
comes to town

**THE  
BLOCK**

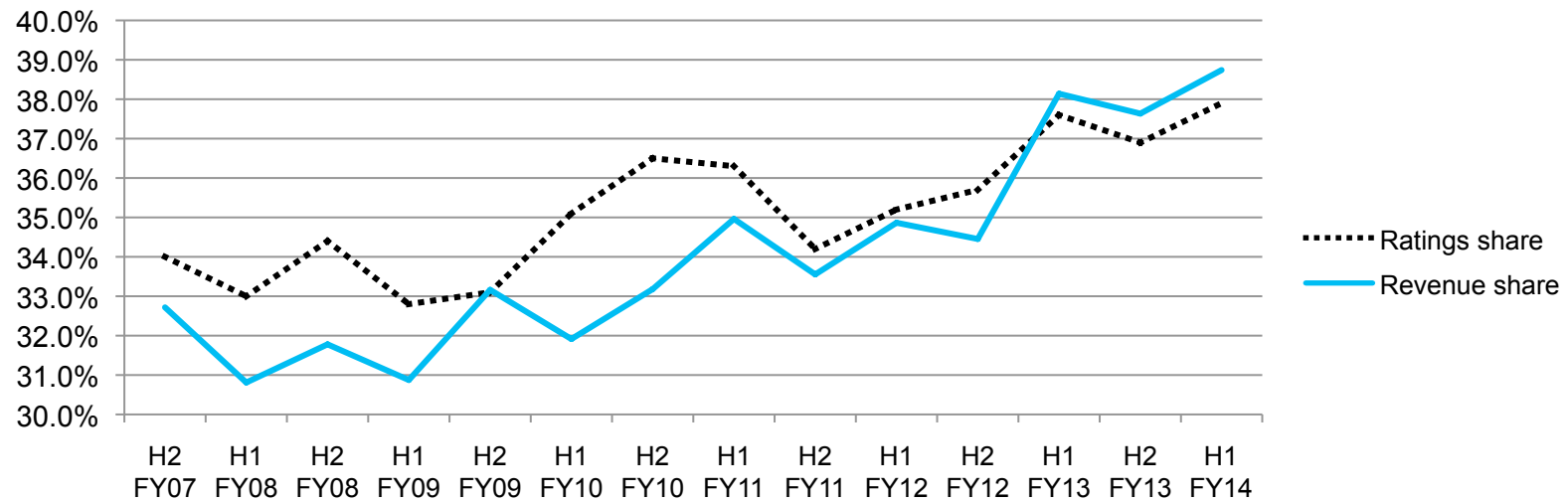
**HOUSEHUSBANDS**

# Sustained ratings improvement



- 5 years of consistent Free To Air ratings improvement
- Strong performance across the schedule led by News and Current Affairs, Sports, and Local Production
- Revenue share trends follow ratings performance
- Premium emerging to reflect consistency and predictability

## Revenue share premium emerging



2014



# Drive to 40% revenue share



## Key drivers of revenue increase

- Programming
  - Nine leads every key advertiser demographic in 2014 to date<sup>1</sup>
  - The ratings momentum will continue with The Voice, a strong sports line-up with World Cup Cricket, The Ashes and World Cup Rugby in 2015, coupled with long term Cricket and NRL rights
- Sales team alignment
  - The Sales team now represents an increasingly diverse range of mediums and technologies
  - We will align our sales forces to maximize return. They will work collectively to provide integrated client solutions, supported by specialists to ensure expertise and maximization of our platforms
- Powered will be re-energized to develop more creative solutions for our clients that gain a premium
- Group Deals with our agency partners will underpin an increase in our revenue share for the full year
- Monetisation of unique experiences that Events and Digital bring

Commercial ratings share, 5-city<sup>1</sup>

		CY 14 (ytd)	Variance
25-54s	#1	37.8	+0.3 pt
18-49s	#1	37.5	+0.2 pt
16-39s	#1	37.1	-0.1 pt
GBs	#1	35.8	+0.3 pt
All People	#2	37.2	+0.5 pt



<sup>1</sup> Source: OZTAM data. Calendar year to date (week 21, 24 May) vs previous corresponding period 6am - midnight

# Pillars of key programming

2 HOURS PER WEEK

Drama

Schapelle love Child FAT TONY & CO HOUSEHUSBANDS GINA

6 HOURS PER WEEK

Big Events



2014

#entertaining australia

JAN

DEC

Sport



SUMMER OF CRICKET

11 HOURS PER WEEK

News & Current Affairs 24/7



MORNINGS

64 HOURS PER WEEK

2014



# Nine Perth

David Mott  
Managing Director



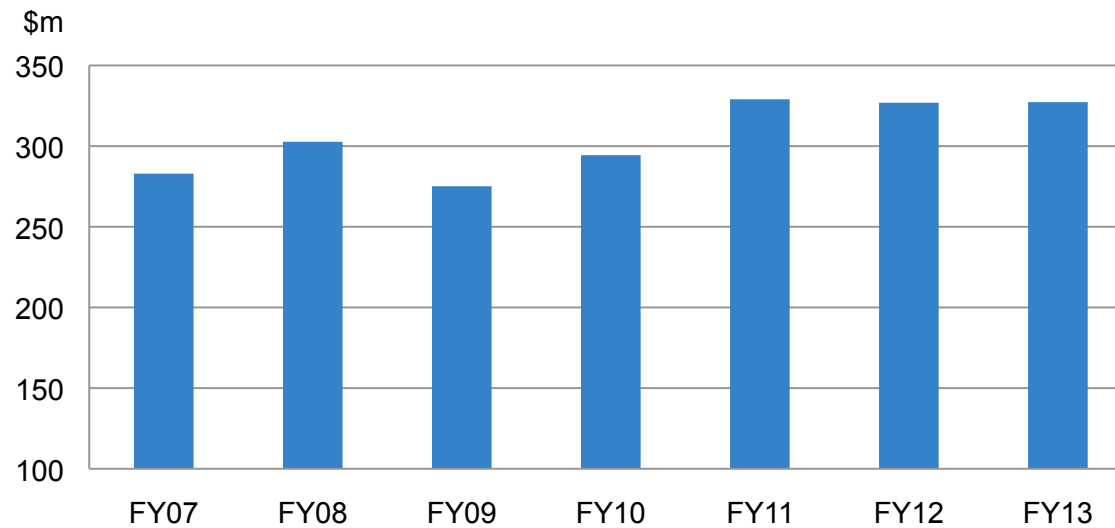


# Nine Perth acquired September 2013



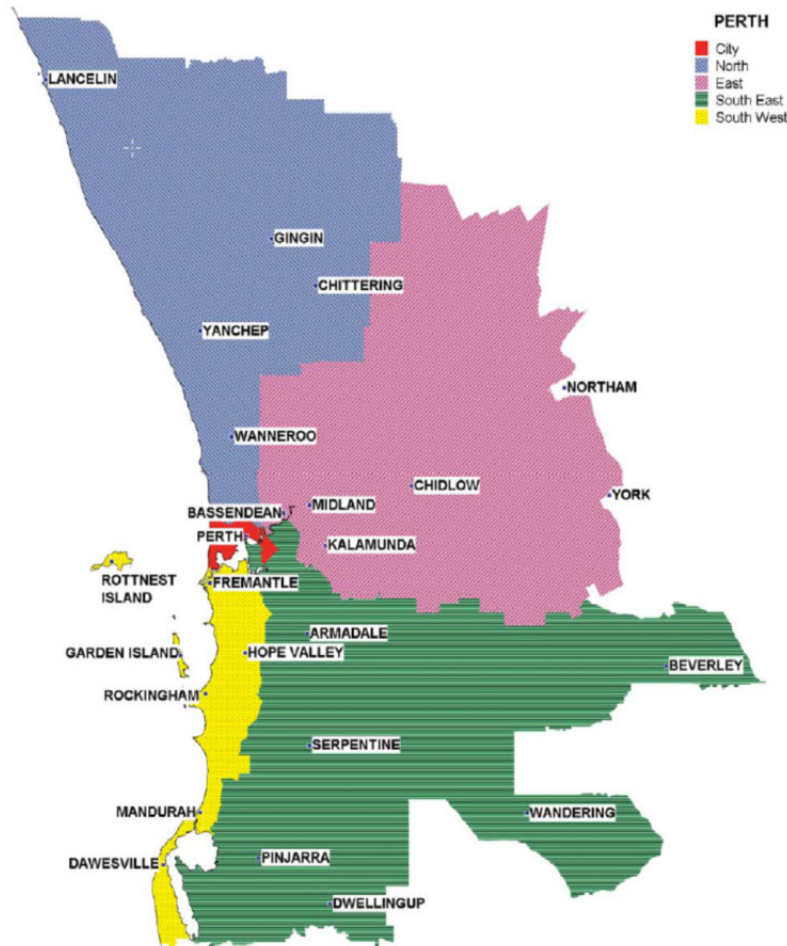
- 30 September 2013 - Nine Network acquired Nine Perth from WIN
- Price paid \$223m, or ~9 x incremental EBITDA
- Previously, Nine received an affiliate fee of ~45% of gross revenue
- 12.3% of Australia's metro population and 11.2% of metro FTA ad revenue

Perth market<sup>1</sup>



<sup>1</sup> Source: Free TV data

# Nine Perth coverage map



## Market

25 – 54s	855,000
18 – 39s	653,500
35 – 64s	757,000
GBs	776,400
All People	1,981,200

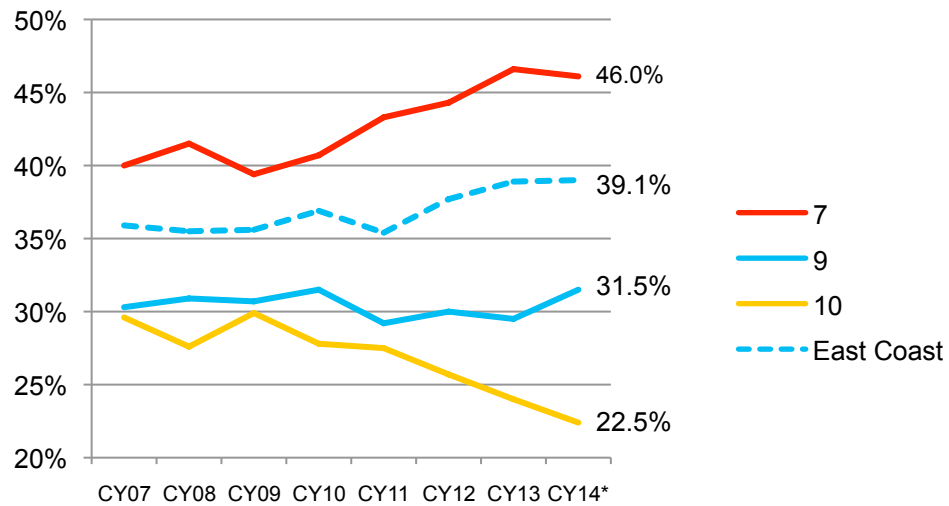
2014

# Historically – revenue and ratings share have underperformed

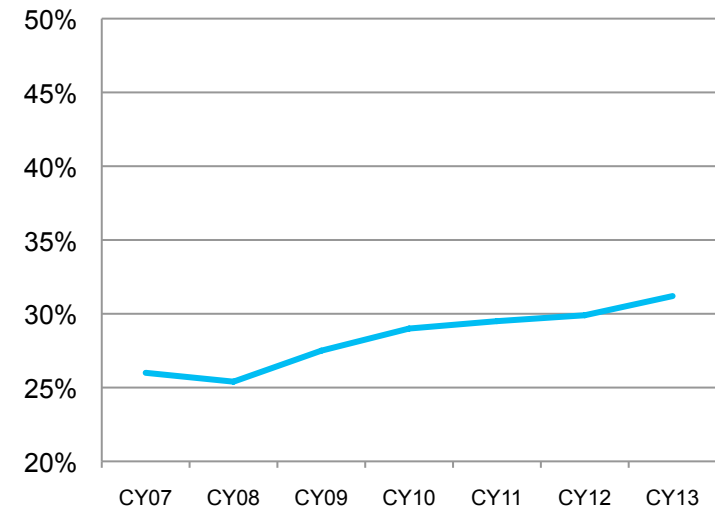


- Nine has long under-delivered relative to its East Coast averages
- Gains to date have been primarily at the expense of Ten
- Revenue share has caught up to ratings share
- The challenge now is ratings

**Audience share<sup>1</sup> – Perth**



**Revenue share<sup>2</sup> – Nine Perth**



2014

<sup>1</sup> Source: OzTAM data, Total People audience share, 6pm-midnight, survey weeks \* year to date, week 21, 24 May

<sup>2</sup> Source: Industry data

# Key initiatives



- Infrastructure
  - Playout from NPC (national playout centre) in Sydney
  - Broadcast interruptions eliminated
- Programming
  - Investment in News including ~40 journalists and crew, move to one hour News, live and local
  - Leverage Network assets to build performance of key franchises
  - Breakfast bulletin
  - Anzac Day dawn service
- Sales
  - Local Powered resource implemented
- Community relationship
  - Sponsorship of Surf Clubs and local Councils
  - Local AFL competition sponsorship
- Investment fully reflected in FY14 PF<sup>1</sup> forecasts
- Relocation – expected by end of 2015
  - Publicly visible and central location
  - Full high definition facility



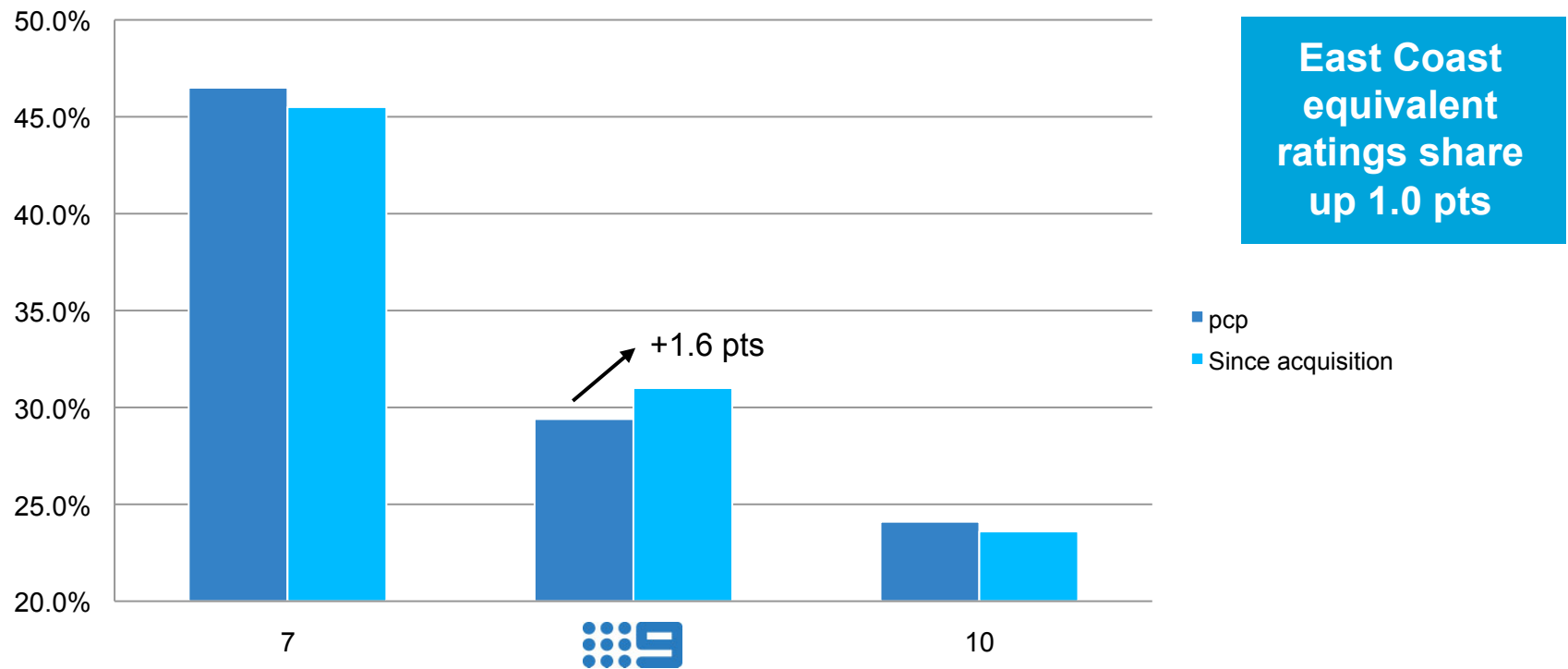
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<sup>1</sup> PF Pro Forma, as per NEC's November 2013 prospectus

# Under NEC ownership – trends are positive



## Nine Perth – ratings share since acquisition



2014

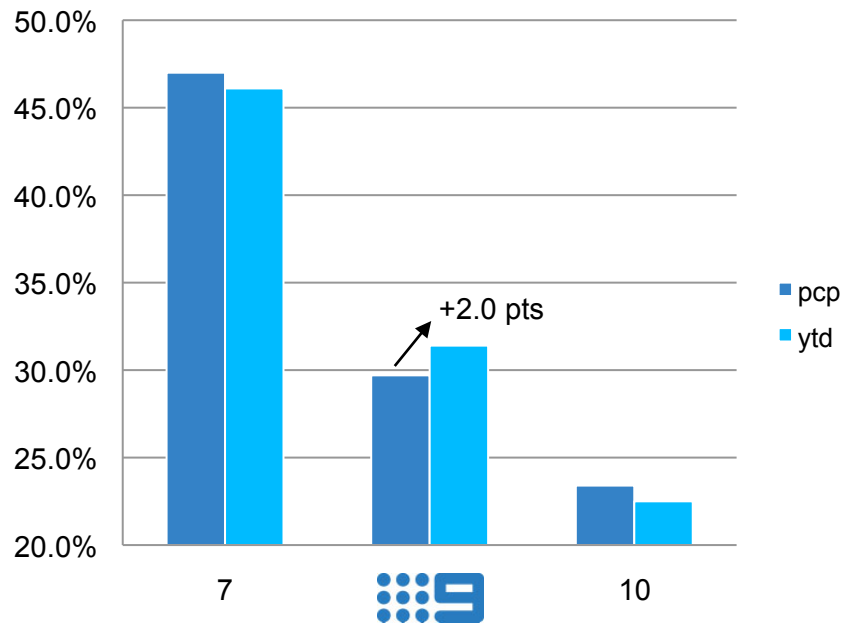
Source: OzTAM All People, 6pm-midnight, 1/10/13 to current (week 21, 24 May) vs. pcp



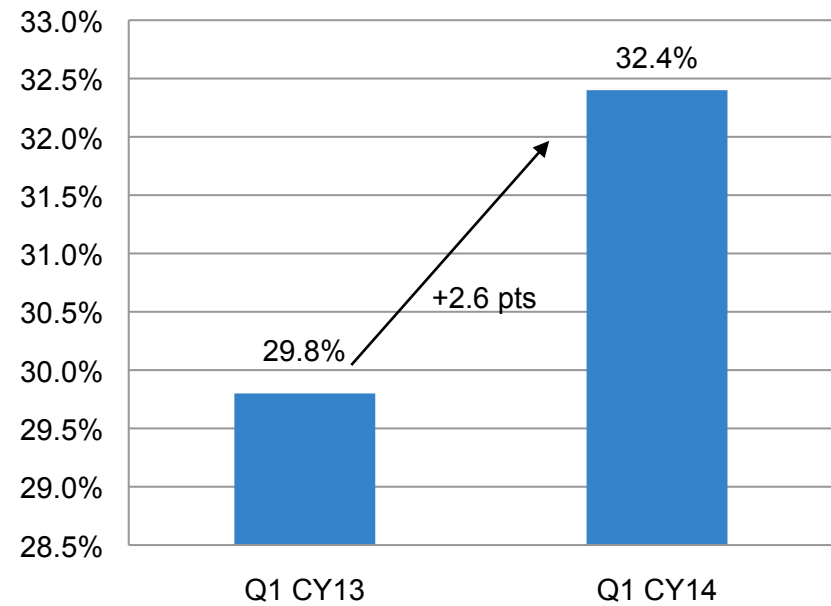
# Into 2014 – the improvement continues



Nine Perth – audience<sup>1</sup> share



Nine Perth – revenue<sup>2</sup> share



2014

<sup>1</sup> Source: OzTAM All People, 6pm-midnight, calendar year to date (week 21, 24 May) vs. pcp.

<sup>2</sup> Source: Industry data

## Nine Perth – Early signs



## 6-7pm, 2014 ytd vs 2013

Nine News	+ 3.7%
Seven News / TT	- 8.0%
Ten MF / Project	- 16.4%

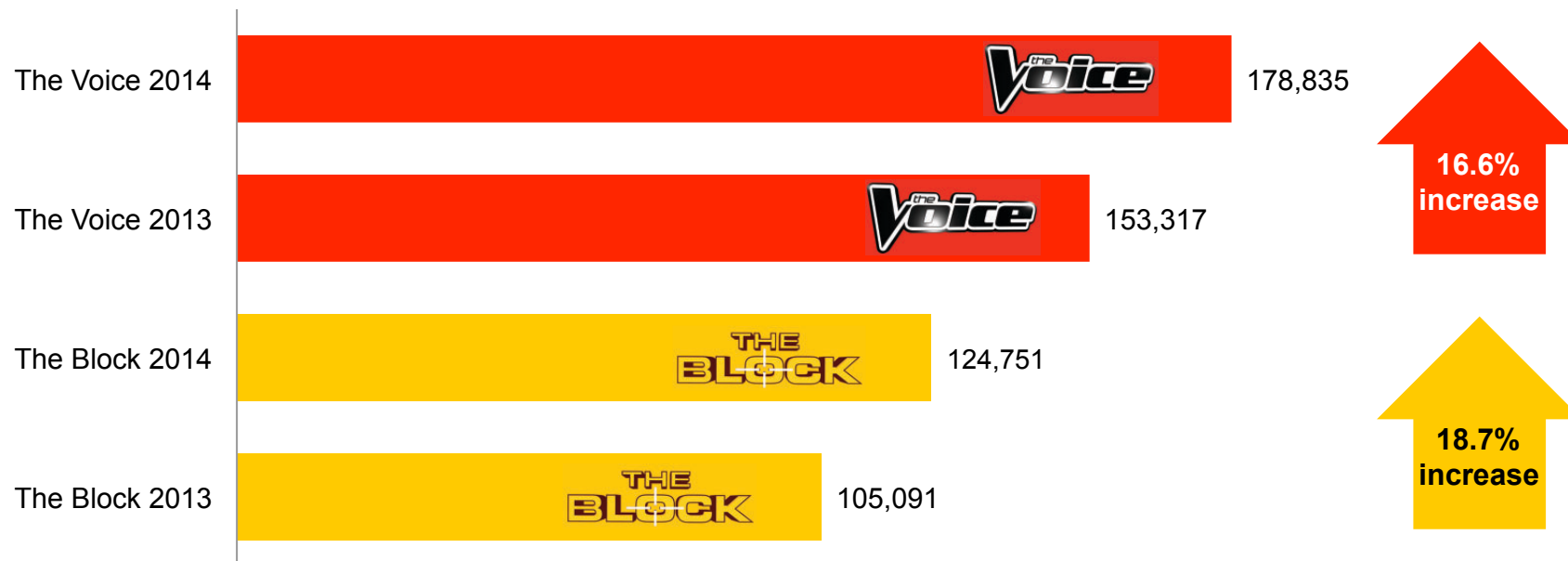
More than Melbourne,  
Brisbane and Adelaide

2014

# Big jumps in our big Franchises



The Block and The Voice Year on Year growth, Perth, total people



2014

Source: OzTAM data, Perth metro, Total People, season The Block and Season-to-date The Voice





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# Nine Adelaide

Sean O'Brien  
Managing Director



SEE IT FIRST

9 NEWS

entertainment co television digital events nine

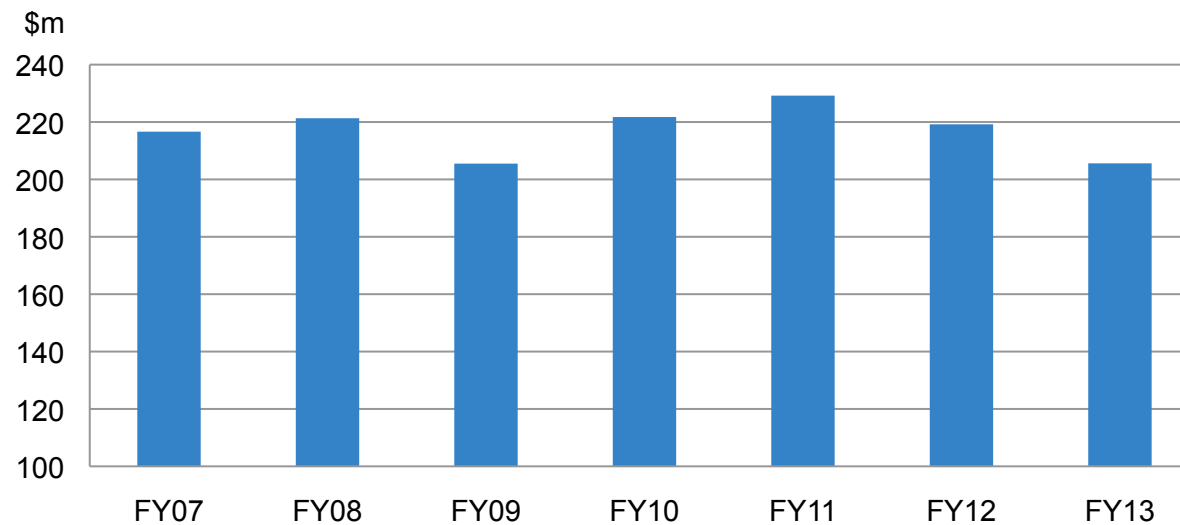


# Nine Adelaide acquired July 2013



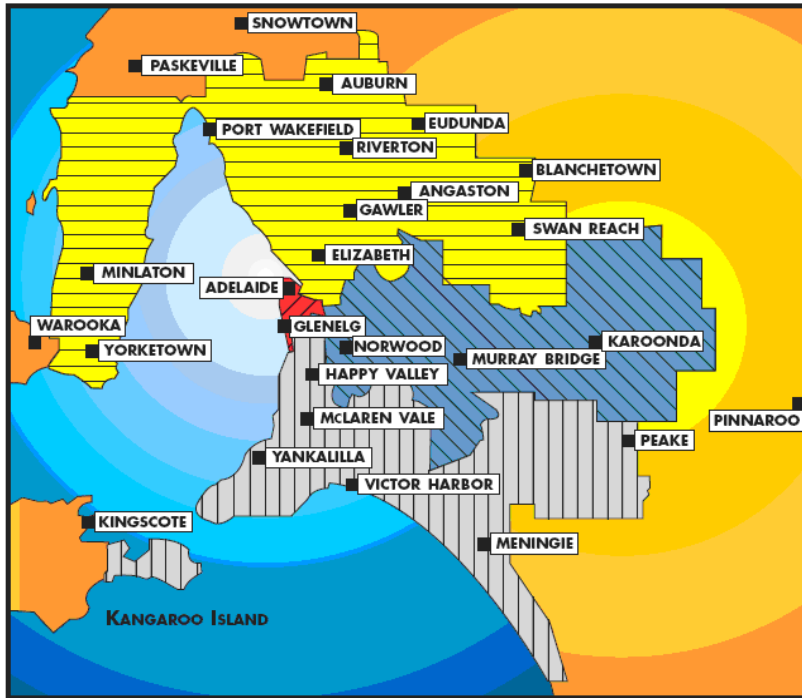
- 1 July 2013 – Nine Network acquired Nine Adelaide from WIN
- Price paid \$139.5m, or 9.3 x incremental EBITDA
- Previously, Nine received an affiliate fee of ~50% of gross revenue
- 9.0% of Australia’s metro population and 7.0% of metro FTA ad revenue

Adelaide market<sup>1</sup>



<sup>1</sup> Source: Free TV data

# Nine Adelaide coverage map



-  WEST
-  EAST
-  SOUTH
-  NORTH & YORKE

## Market

25 – 54s	585,600
18 – 39s	426,600
35 – 64s	567,300
GBs	598,000
All People	1,449,500

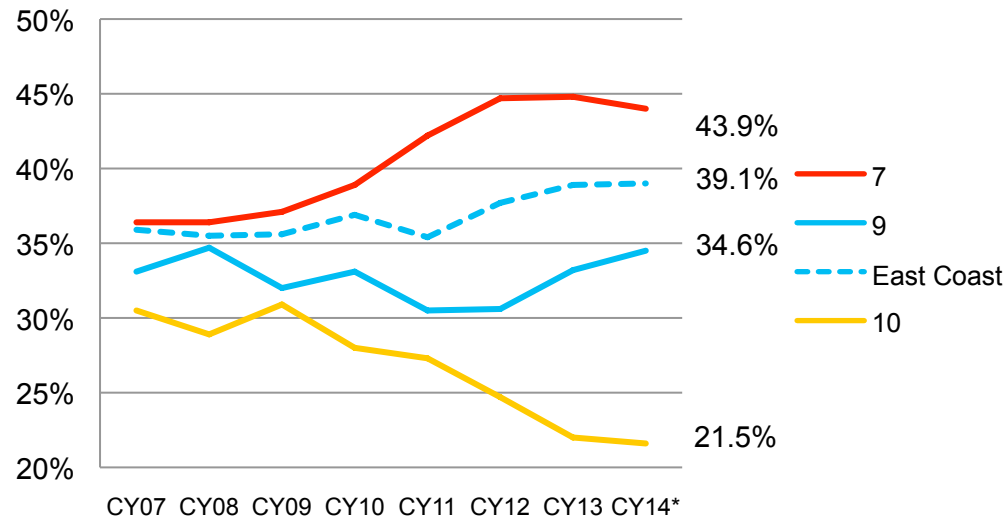
2014

# Historically – revenue and ratings share have underperformed

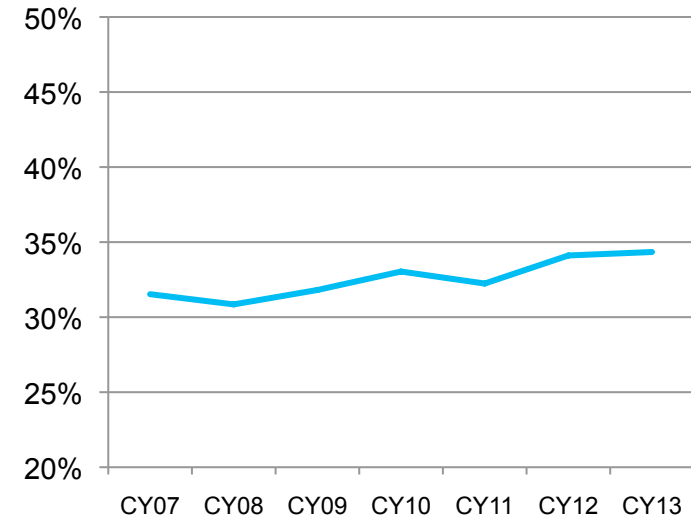


- Nine has traditionally under-delivered relative to its East Coast averages
- Gains to date have been primarily at the expense of Ten
- Nine’s key franchises benefitting from direct ownership – enables targeted marketing and advertiser placement

**Audience share<sup>1</sup> – Adelaide**



**Revenue share<sup>2</sup> – Nine Adelaide**



2014

<sup>1</sup> Source: OzTAM data, Total People audience share, 6pm-midnight, survey weeks \* calendar year to date, week 21, 24 May  
<sup>2</sup> Source: KPMG data

# Nine Adelaide – what's changed



- Infrastructure
  - Playout from NPC (national playout centre) in Sydney
  - Additional equipment means more local content
- Programming
  - Investment in News including 30+ journalists and crew, move to one hour News, new on air line-up
  - Outside/on site broadcasts
  - More SA contestants – The Voice, The Block, When Love Comes to Town
- Community relationship
  - Sponsorship of Adelaide Zoo, Port Festival
  - Involvement in local Arts – Adelaide Fringe and WOMAD
- Investment fully reflected in FY14 PF<sup>1</sup> forecast



2014

<sup>1</sup> PF Pro Forma, as per NEC's November 2013 prospectus

## Nine Adelaide – and still to come



- Sales force integration
  - Combining Mi9 and Nine sales teams in H2 CY14
  - Local Powered by Nine resource
- Relocation – expected by Q3 CY15
  - Selling current 6,000m<sup>2</sup> site and redeploying sale capital into long term leased facility
  - Street level glass News studio in Adelaide CBD
  - Naming rights for the `new` building
  - Full high definition facility
  - Potential to house other NEC businesses – Ticketek etc.



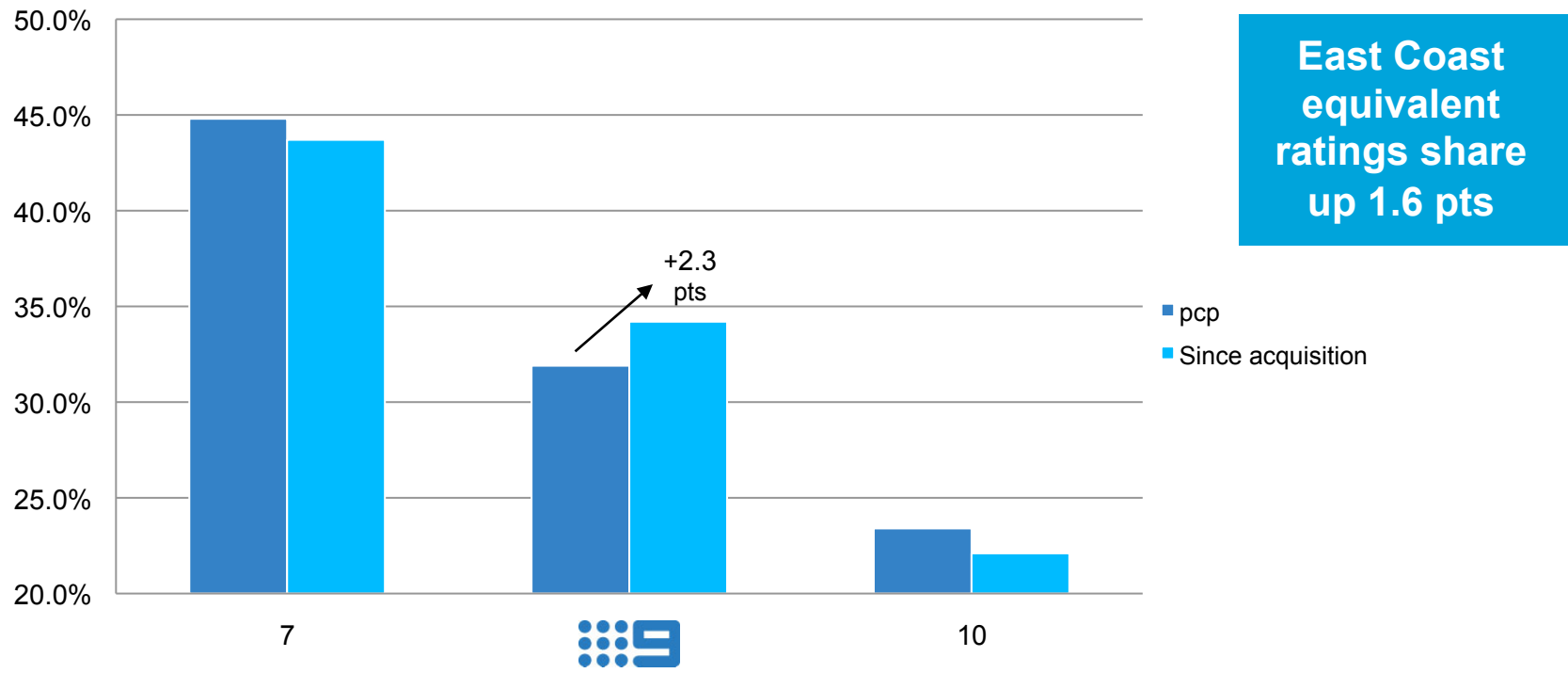
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# Since acquisition – Nine Adelaide gaining audience share



## Nine Adelaide – ratings share since acquisition



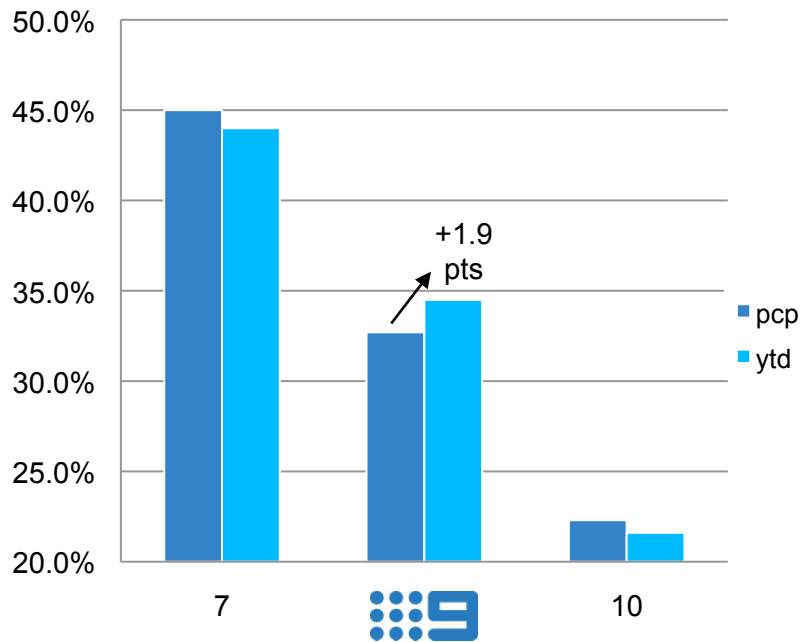
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Source: OzTAM All People, 6pm-midnight, 1/7/13 to current vs. pcp

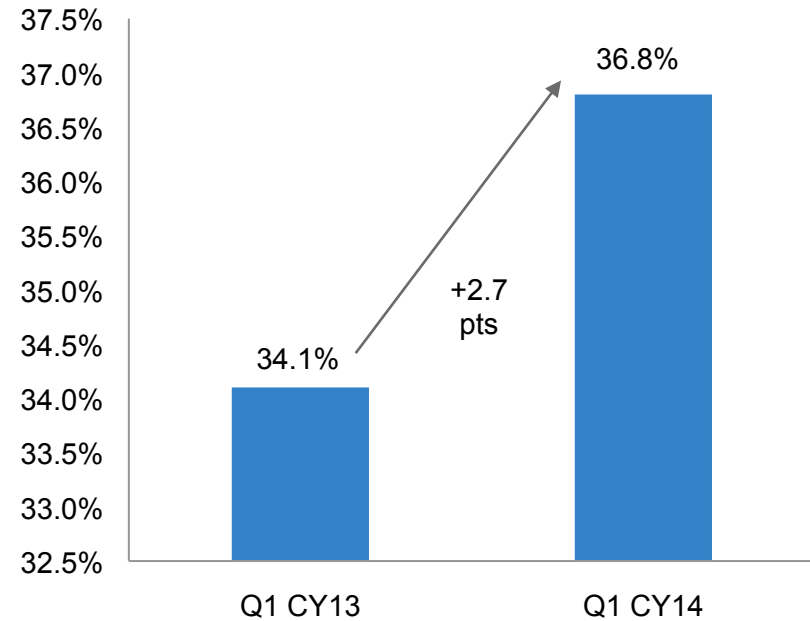
# Year to date – improving trend continues



Nine Adelaide – audience<sup>1</sup> share



Nine Adelaide – revenue<sup>2</sup> share



2014

Source: 1. OzTAM All People, 6pm-midnight, calendar year to date (week 21, May24) vs. pcp  
 Source: 2. KPMG data

**60 Minutes strong in Adelaide**



**60  
MINUTES**

2014 ytd vs 2013 avg  
+21.7% 25-54s  
More than Sydney, Melbourne,  
Brisbane, Perth



## Huge launch for The Voice in Adelaide



2014 LAUNCH  
+83% yoy 25-54s  
More than Sydney, Melbourne,  
Brisbane and Perth

## Big return for The Block in Adelaide



# FANS vs. FAVES LAUNCH

## Up 43.4% yoy 25-54s

More than Sydney,  
Melbourne, Brisbane

2014



# Nine News and Current Affairs

Darren Wick

Director of News and Current Affairs

SEE IT FIRST

9 NEWS

60  
MINUTES

A CURRENT  
AFFAIR





# Nine News – leads the way



- When big news breaks, the audience goes to FTA TV
- 2013 NSW bushfires – Nine’s Sydney News audience up 18%<sup>1</sup> on pcp
- Nationally, Nine News’ audience jumped 9%<sup>1</sup> vs. YTD average in the first few days of MH370 disappearance
- A strong news product brings viewers in at the start of Prime Time and creates opportunity to promote the evening schedule
- Nine invests ~\$160m in News and Current Affairs every year
- Being owned content, Nine has control over the costs



2014

## Targeted News across the day

5am	Nine Early Morning News
11-12pm	Nine Morning News
3pm	Nine News Now
4.15pm	Nine Afternoon News
6pm	Nine News
7pm	A Current Affair

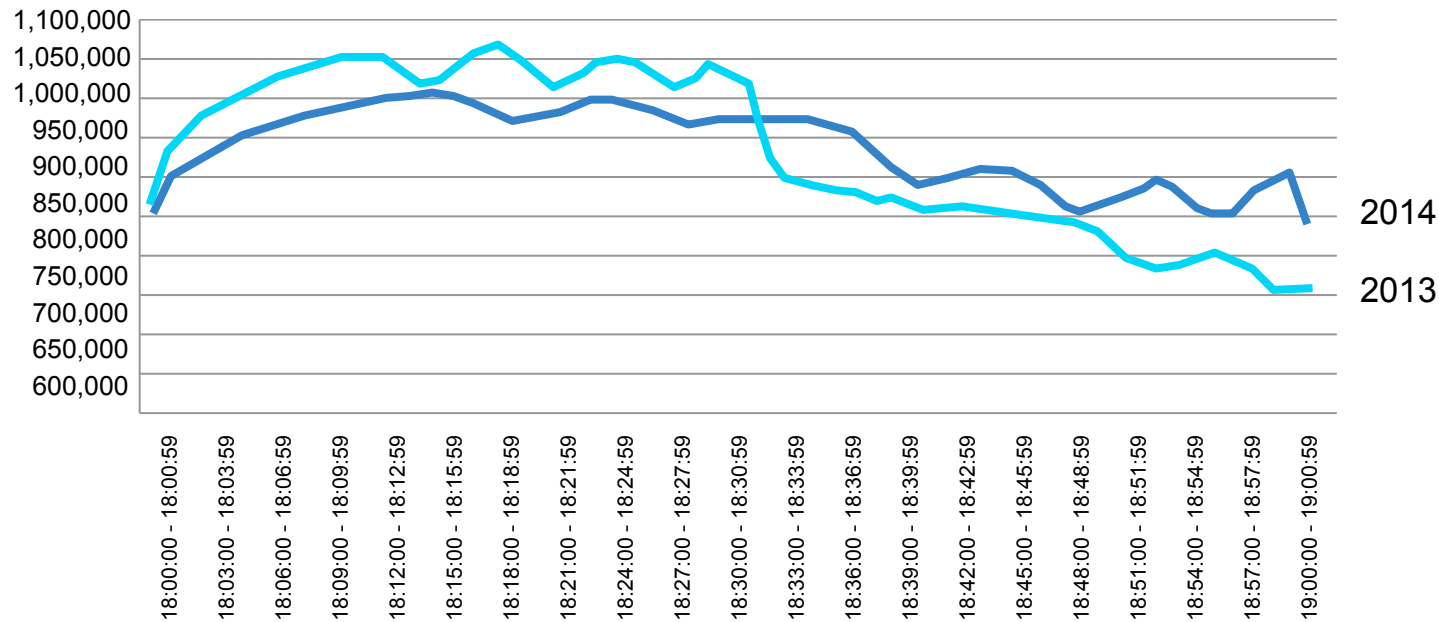
With the capacity to interrupt scheduled programming

<sup>1</sup> Source: OzTAM data

# Move to one hour News boosts the evening schedule



- In early 2014, Nine announced the extension of the evening News from half an hour to one hour
- Incremental cost of \$10m for 150 hours of Prime Time programming
- Focus on stemming the 6.30pm viewer drop-off



2014

<sup>1</sup> Source: OZTAM. Minute-by-minute, East Coast, calendar year to date (week 20)

# Nine News – innovation



2014

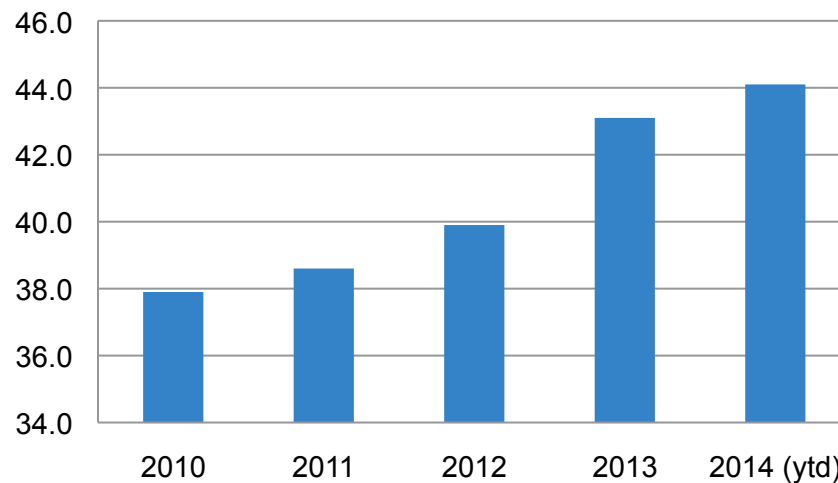


## In 2014, Nine's News continues to deliver



- Nine's News has been the #1 National News 10 out of 13 weeks of the ratings season this year
- Nine's News has retained on average 93.4% of its 5 city audience from its first half hour to its second since introduction
- ACA at 7.00pm has beaten Home & Away ~70% of their head-to-head encounters

6-7pm ratings<sup>1</sup>



2014

<sup>1</sup> Source: OZTAM. All People, Primary Channel commercial share. 6pm-7pm, Monday-Friday, prior calendar years (2012 ex Olympics) vs. 2014 year to date, 1st January to May 24th

And is very efficient programming



With **30+** hours of additional news each quarter, delivering **1 million plus** viewers on average every night, it's like having **four more seasons of The Block** each year.

Michael Stephenson – National Sales Director, Nine Network





Q&A



**THE  
BLOCK**

SEE IT FIRST

**9 NEWS**

**60  
MINUTES**





# events

Geoff Jones  
CEO Nine Events



allphones arena



FOUR 2015

# Nine Events – an integrated model



**Ticketing and digital solutions**

- Leading Australian and New Zealand ticketing business by ticketing sales volume

**Entertainment solutions**

- Nine Live: touring, promoting live content, event management, corporate hospitality, consulting, sponsorship
  - 1.3 million tickets sold to date
- Eventopia: self-service online ticketing platform
  - Used by a growing number of small-to-medium scale events which are not currently covered by Ticketek

**Data and technology**

- Nine Rewards: digital marketing services
  - Over 1.4m members across Australia
  - Growing base of 90,000 members in New Zealand
- Softix: technology and ticketing platform
  - One of the few systems globally with its capabilities
  - Powers Ticketek ticketing platform
  - Client base of ticketing agents across the world

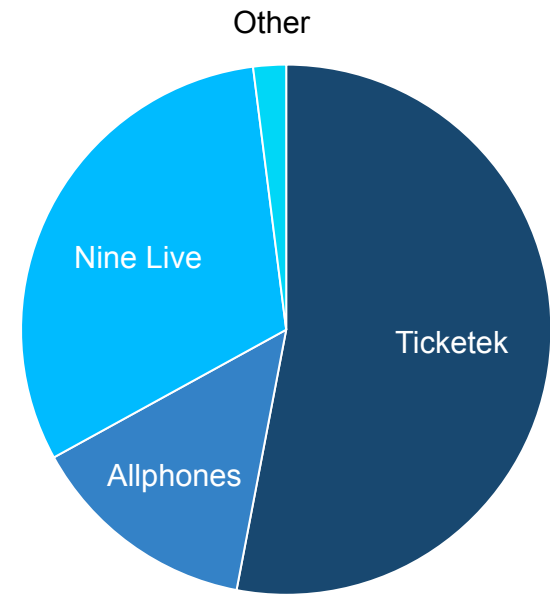
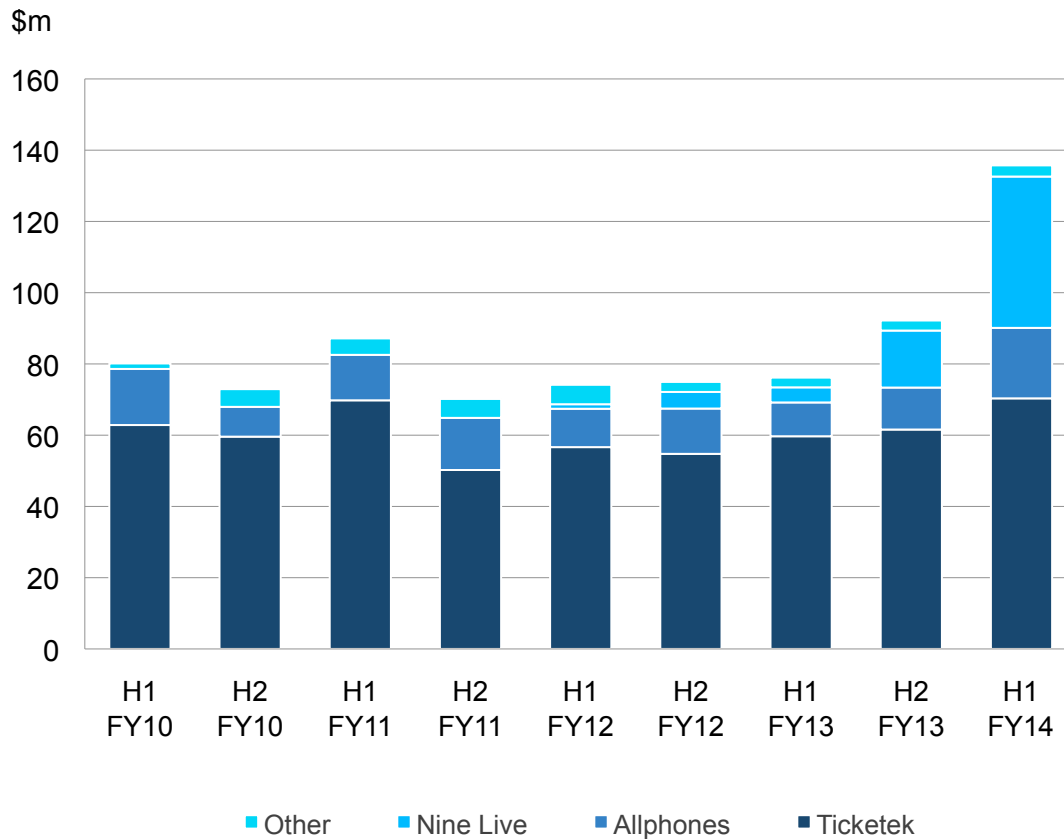
**Venue**

- Largest indoor entertainment arena in Australia
- One of the world's top 10 concert arenas by ticket sales volume
- Hosted an average of over 735,000 attendees each year since FY 2009

# Nine Events – revenue stream diversifying



Revenue contributors to Nine Events



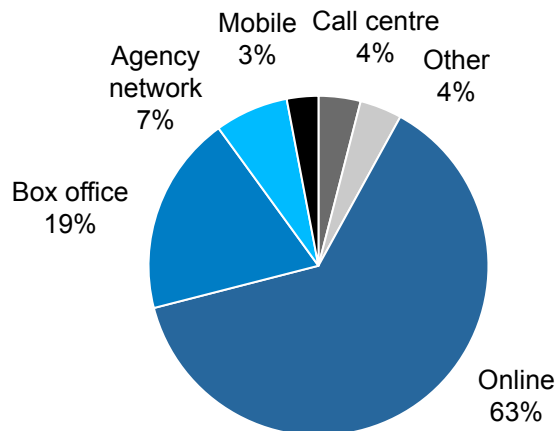


# Ticketek – lead player by ticket sales volume



- Issues over 22 million tickets per annum in Australia and New Zealand – # 1 market share
- Over 135 exclusive ticketing services contracts with venue and promoter clients
- Nine of Australia’s top ten venues by ticketing sales volume are contracted to Ticketek
- Sells tickets and promotes events through a range of channels
- Digital initiatives contribute to strong position and provide ancillary revenue opportunities

## Ticket sales volume by distribution channel in Australia and New Zealand (FY2014)



Venue	Estimated total capacity (people)	Length of historical relationship
<b>New South Wales</b>		
ANZ Stadium	83,000	13 years
Sydney Cricket Ground	46,000	23 years
Allianz Stadium	45,000	15 years
Allphones Arena	21,000	14 years
Sydney Entertainment Centre	10,000	Newly signed
<b>Victoria</b>		
Melbourne Cricket Ground	100,000	5 years
AAMI Park	30,000	3 years
Rod Laver Arena	15,000	13 years
Melbourne and Olympic Parks (other venues excluding Rod Laver Arena)	11,000	15 years
<b>Queensland</b>		
Suncorp Stadium	52,000	10 years
1300SMILES Stadium	26,000	5 years
Brisbane Entertainment Centre	13,000	18 years
<b>Western Australia</b>		
Perth Arena	14,000	2 years
<b>South Australia</b>		
Adelaide Oval	36,000	5 years
Hindmarsh Stadium	16,000	4 years
Adelaide Entertainment Centre	12,000	9 years

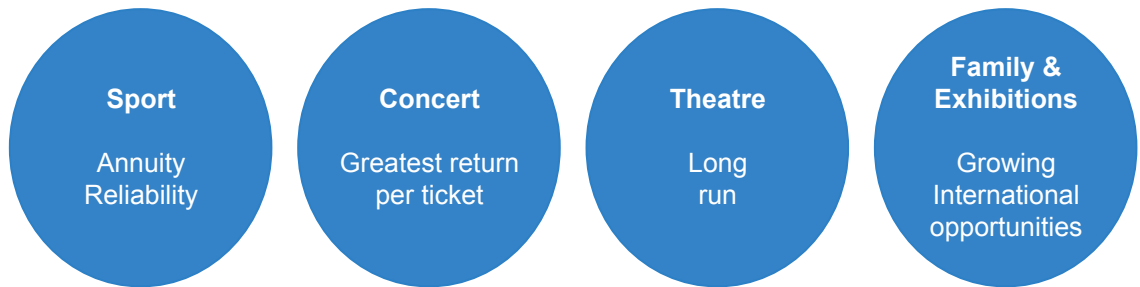
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# Ticketek – the value of live entertainment



- Fee construct – inside and outside charges
- Channel migration to on-line – the future is MOBILE
- Focus on sustainability – the creation of new revenue streams

## Key genres



## Allphones – top 5 venue globally ^



- Revenue sources in order of importance: food and beverage, venue rent, sponsorship and suite sales
- 80 event nights per annum (SEC closure may boost)
- Concerts are the main driver, although other content growing
- Australia is a popular touring market AND touring is a major revenue source for artists



2014

^ By tickets sold



# Nine Events – revenue streams diversifying



## Softix

- World Class platform developed in Australia
- Licence Software globally – growth focus Asia
- New business – Dubai/UAE and South Africa



## Eventopia

- Third-tier ticket business aimed at protecting the ‘bottom end of market’
- Low fee model, complementary to Ticketek
- Growth is consistent and well established



## Nine Rewards – data business



- Strong positioning based on quality data
- Key revenue stream is on-line research
- Complementary to TIPSTONE
- New opportunities through Rewards offerings and lead generation



## Nine Live – growing the live content



- Proposition: 'support Ticketek venues'/unique offering with NEC
- Model: multiple revenue streams across Nine Events businesses
- Content strategy has 4 pillars (concert/international sport/exhibitions/family)
- Healthy pipeline into 2015
- Unique selling proposition through NEC media and marketing support and sponsorship acquisition
- Integration is key differentiator



2014



## Nine Events – an integrated model



### Case study: Ricky Martin tour Oct/Nov 2013

- Nine Live – co-promote with Sony Music (mitigate risk)
- Ticketek venues – sold ALL tickets
- Nine Live secured additional commission revenue from NRL for Grand Final
- Nine Live/NEC Sales – secured > \$1m in sponsorship for Tour
- Allphones Arena – hosted two sold out concerts
- Nine and Mi9 – all advertising spend on NEC platforms. Promotion of the tour within regular programming/content



2014

# A unique model fully integrated throughout the event lifecycle



## Nine Events – areas of focus



### Ticketek

- Securing major contracts/renewals
- Improving cost efficiencies, including migration online
- Innovating the offering

### Allphones

- Maximising the occupancy (opportunity with the closure of SEC)
- Improving margins
- Broadening revenue streams

### Softix

- International opportunities

### Nine Rewards

- Maximise the return on our data bank

### Nine Live

- The model is established
- Focus on broadening the content genres



2014



# digital

Mark Britt  
CEO Mi9



entertainment co television digital events nine

entertainment co television digital events nine

entertainment co television digital events nine

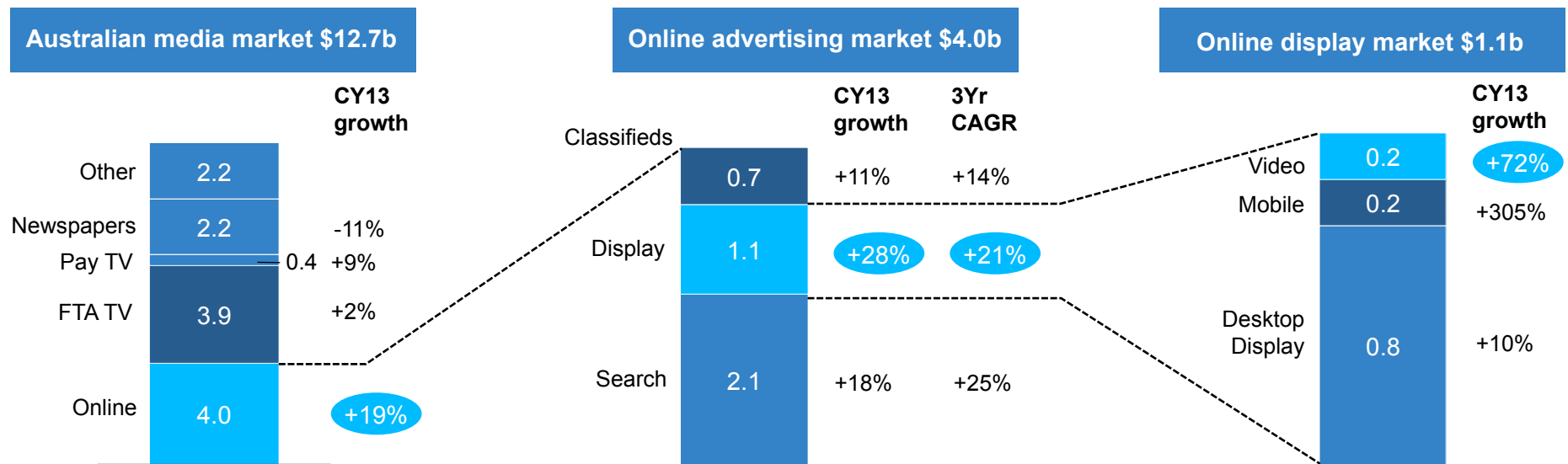
entertainment co television digital events nine

# Australian digital advertising market



## Online display advertising grew 28% in CY 2013...

### Australian media market – CY 2013



Online advertising grew 19% in CY13 and is now the largest segment of the Australian media market

Display was the fastest growing segment of the online market in CY13 (+28% YoY)

Online Video now represents 14% of the total Display market. Video revenue in CY13 grew 72% from the prior year

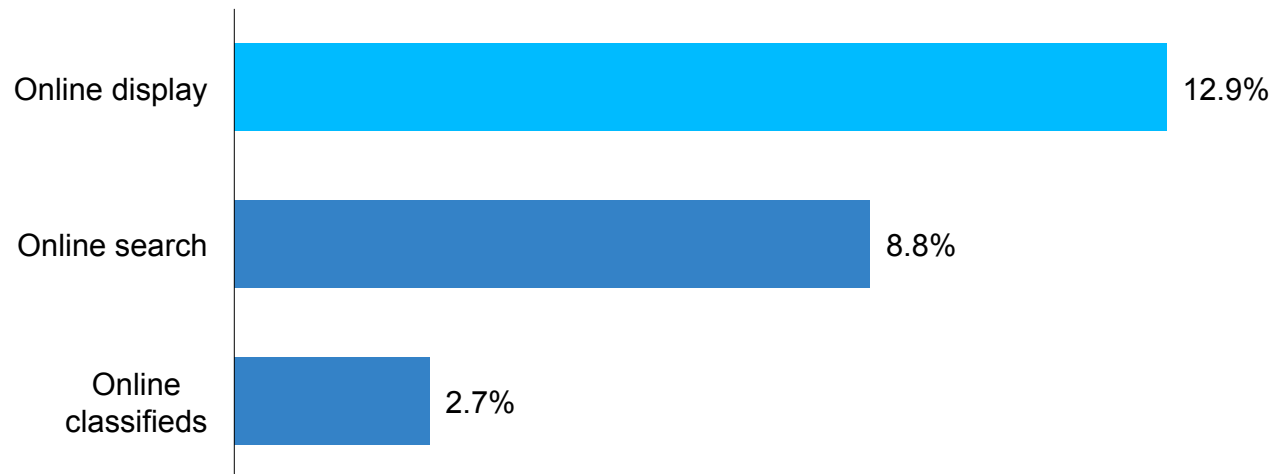
2014

# Australian digital advertising market



...and is forecast to be the fastest growing media segment over the next 5 years

Australian media market – forecast revenue growth  
2013 to 2017 CAGR % (PWC)





## Key digital trends



The Australian digital media market continues to be highly dynamic, with significant changes taking place from both an audience and advertiser perspective

### Video

- Online video continues to increase – content availability and platform usability
- Short form video has greater reach – most of time spent on streaming video
- Online video advertising formats evolving – mobile, ad selector, connected TV, and native advertising

### Mobile

- Mobile leads in many services – no longer an add-on channel
- Mobile represents 21% of the total display ad market in Australia
- Mobile advertising gaining traction – agencies and advertisers gaining experience and platforms improving

### Data

- Ownership/access to data results in revenue and margin opportunities
- Intermediaries may capture significant part of the value chain
- Quality, analytics and immediacy of response will drive performance and financial returns

### Programmatic

- All of Mi9's inventory is available for programmatic trading
- 100% of Mi9's performance business is traded programmatically

2014

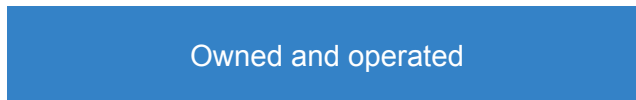
# Online advertising trend – programmatic



## Significant shift in online display advertising monetisation as industry is moving towards programmatic buying

### Ad product    Inventory

**Premium/  
brand**



- Primarily sold face-to-face, traded annually similar to TV



If not utilised in premium

**Audience**



- Application of consumer data for audience targeting across inventory – primarily sold programmatically



If not utilised in audience

**Performance**



- Auction model for all un-utilised inventory, supplemented by third-party inventory – 100% traded programmatically

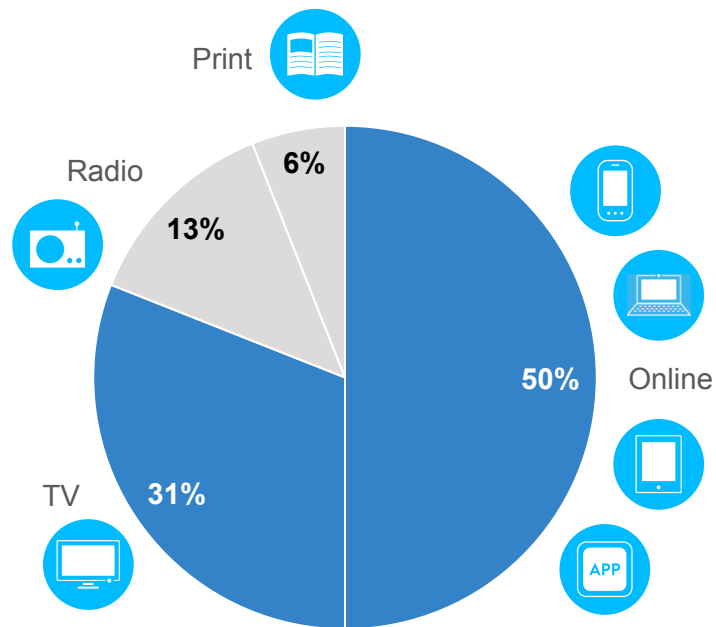
# TV + Digital = Great reach



Content is going beyond the traditional TV screen to live in a range of formats, across devices, creating deeper community and engagement

## Time spent on media

TV and digital make 81% of all time spend on media



75% of Australians are now multi-screener

Reach of Nine and Mi9 together is **93.4%** of Australians each week

2014



# Strategic framework

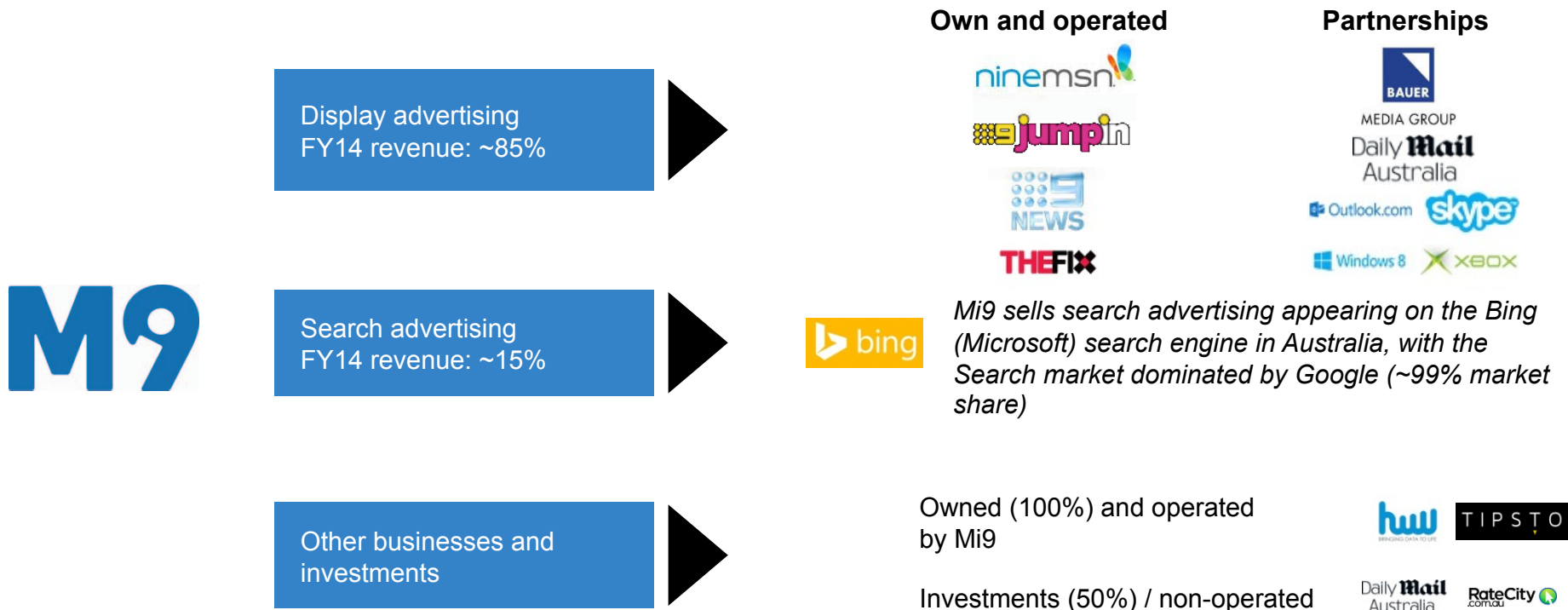


<b>Mi9 Strategy</b>	Strengthen our domestic online leadership position as part of the NEC group, leading the market with our consumer and advertiser product sets
<b>Strategic themes</b>	<p>Growing high value audience and advertising inventory</p> <p>Building a material ad supported digital video business</p> <p>Leveraging our digital and data capability to create value across the group</p>

# The Mi9 business



Mi9's business comprises revenue streams from online display and search advertising as well as a collection of related businesses and investments



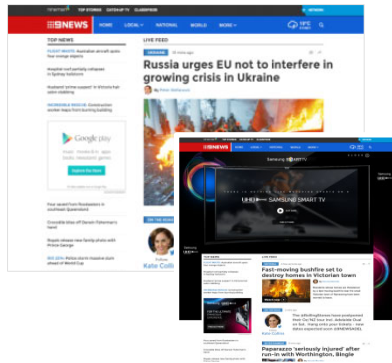
2014

# Major strategic product initiatives



Strategic product initiatives are underway to improve content offering, user experience, and deliver enhanced commercial value to partners

## News



- 9NEWS.COM.AU redesign
- 9NEWS – second biggest site on Mi9 network
- Integration of 9NEWS broadcast and digital
- 9NEWS anywhere, anytime
- Stories from around the world in real time

## Homepage



- Homepage redesign underway to improve user experience and deliver enhanced commercial value to our partners

## Jump-in



- Jump-in redesign and upgrade
- Jump-in has generated 670,000 application downloads and 5.7 million unique browser visits since it was launched in November 2013

## Daily Mail



- Global News brand
- No. 6 News site in Australia (Nielsen)
- Audience growth year-on-year of 46% (Nielsen, February 2014) and continues to accelerate

2014



## Microsoft relationship and business impact



In 2013 NEC acquired Microsoft's 50% interest in Mi9. Mi9 and Microsoft will continue to have a commercial relationship in relation to technology, content and advertising sales

Ownership structures	<ul style="list-style-type: none"><li>• Microsoft selling down it's equity interest from 50% to 0% by 1 July 2015</li><li>• Microsoft has no entitlement to cash-flow or dividends during this period</li></ul>
Properties	<ul style="list-style-type: none"><li>• Mi9 will continue to represent advertising sales across Microsoft properties, no impact on revenue however some impact on margin as reflected in prospectus pro-forma</li></ul>
Traffic	<ul style="list-style-type: none"><li>• Transition of Microsoft log-outs and homepage defaults to new Microsoft product over time – potentially impacting up to 35% of Mi9 traffic as reflected in prospectus pro-forma</li></ul>
Search (Bing)	<ul style="list-style-type: none"><li>• Mi9 will continue to represent search sales, no impact on revenue however some impact on margin as reflected in prospectus pro-forma</li></ul>
Content supply	<ul style="list-style-type: none"><li>• Non-exclusive supply of content into Microsoft news aggregation product</li></ul>

HBB TV

9 jumpin

Featured

Catch-Up



8:12pm

9 NOW The Big Bang Theory



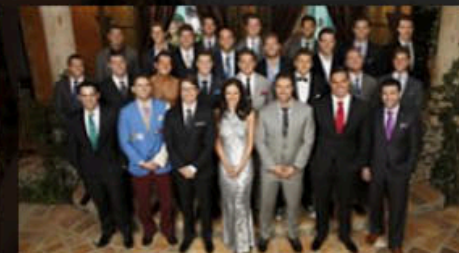
The Block



The Big Bang Theory



2 Broke Girls



The Bachelorette



The Following

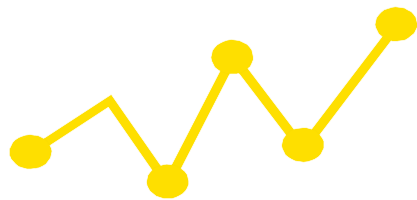
HIDE

FREEVIEWPLUS



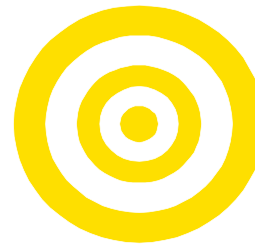
Tipstone (a data venture of NEC) connects Australian businesses with their target customers online, delivering benefit via three core services

## TIPSTONE



### Analysis and measurement

Online activity cross referenced by segmentation data including proprietary, Experian, Roy Morgan and others plus Tipstone demographic data



### Targeted communication

Available across all digital properties – paid and owned – relevant content delivered based on profile



### On-site services

Hands on help where required to get the most from Tipstone products and services



# StreamCo

Mike Sneesby  
CEO StreamCo



## SVOD – the international context

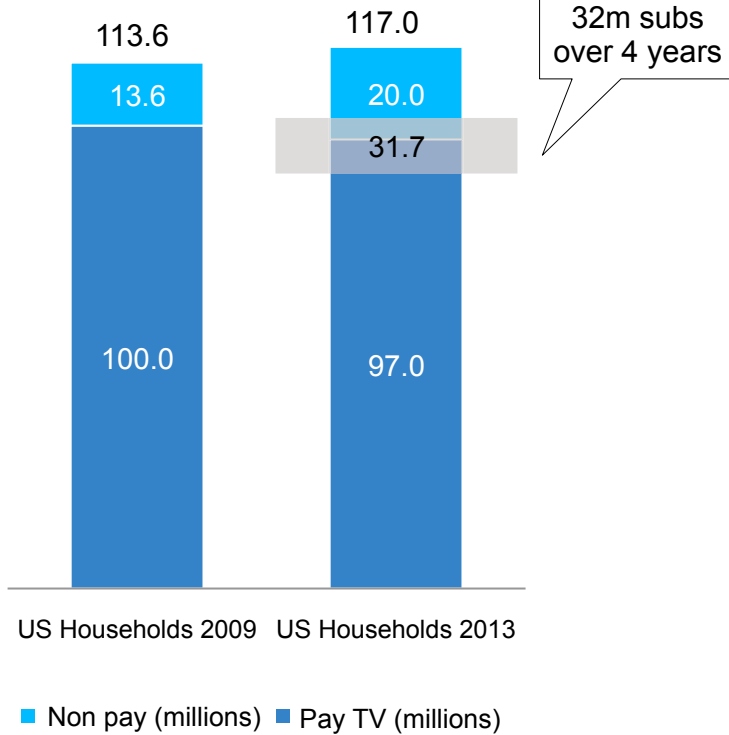


- OTT (Over The Top) subscription video on demand services continue to grow internationally
  - Ubiquitous broadband networks with uncapped data plans are driving online video
  - Development and take up of low cost connected devices (smartphone and tablet) are an enabler/accelerator and gateway to the TV
  - Consumer demand for flexible entertainment on their own terms is growing
  - Evolution of the SVOD business model – studios evolving their rights models
- Netflix seen as a global benchmark
  - USA – 28% household penetration in 4 years with annual growth continuing at ~20%
  - UK – estimated at 15% in 2 years with high double digit growth
- SVOD services are proving to be complementary to traditional TV
  - US TV households have not changed materially over the period that SVOD services have achieved 30% penetration
  - SVOD provides a value-for-money alternative to DVD and TVOD as well as an incremental entertainment alternative

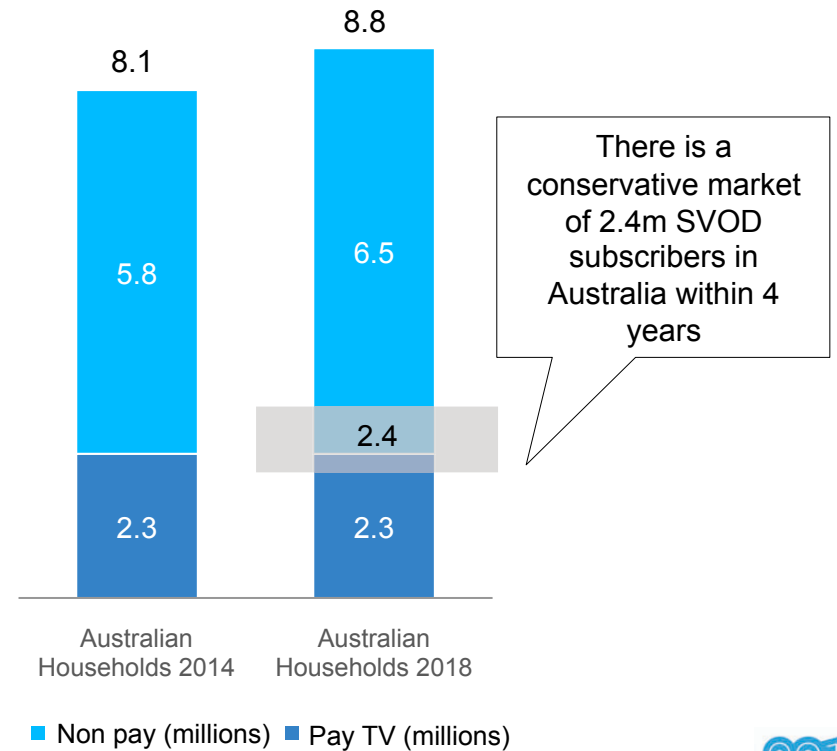
# SVOD – the international context



Netflix penetration is at 28% of US households



There is a significant opportunity in Australia



2014

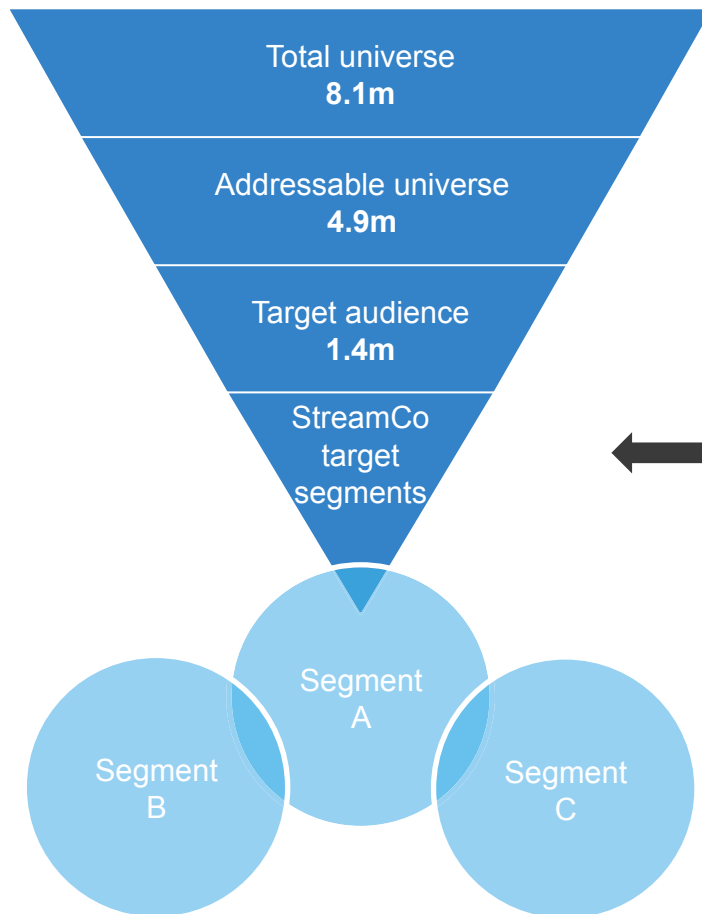


## SVOD – the Australian market



- The barriers to mass market take up of OTT SVOD are falling
  - Wi-Fi household penetration, connection speed and price/caps
  - Technology (platform and consumer) simplifying
- Consumer demand is increasing
  - Time spent consuming content online continues to grow at ~10% per annum
  - Despite the high levels of piracy (largely via bit-torrent), 53% of surveyed 'torrenting segment' said they would pay for the service StreamCo is developing
  - Australia continues to be one of the largest TVOD markets in the world per-capita
- The competitive set do not address the consumer demand for an SVOD service with high volume of quality TV and movie content at the right price point

# Target market – that currently not serviced in Australia



## Demand for SVOD will continue to grow from the 2014 base

We remove the most traditional FTA and Pay TV households

Propensity to subscribe conversions have been applied to each segment taking into account likeliness to subscribe, device and ISP penetration

We identified three core target segments through qualitative and quantitative research

## StreamCo – expect to be the best value package



streamco

- Streaming service, price comparable to international platforms
- Movie and TV SVOD titles
- TV first run exclusives plus high volume back catalogue of premium titles
- Movies – selection of pay window and catalogue titles
- Dedicated content categories for target market
- Tablet/mobile/laptop – enabled for the TV screen via Airplay and Chromecast

Quickflix

- \$9.99 for the streaming service
- Mix of SVOD and TVOD combined with legacy DVD postal service
- Movie and TV SVOD titles – low volume and older catalogue
- Tablet/mobile/laptop – enabled for the TV screen via smart TV and game consoles

presto ▶

- \$19.95 streaming only service
- Movie only SVOD service with limited TVOD
- SVOD Movies – approximately 850 titles – combination of pay window (approx. 30%) and library
- Tablet/mobile and laptop support (not enabled for TV screen)



## SVOD – our progress and plans

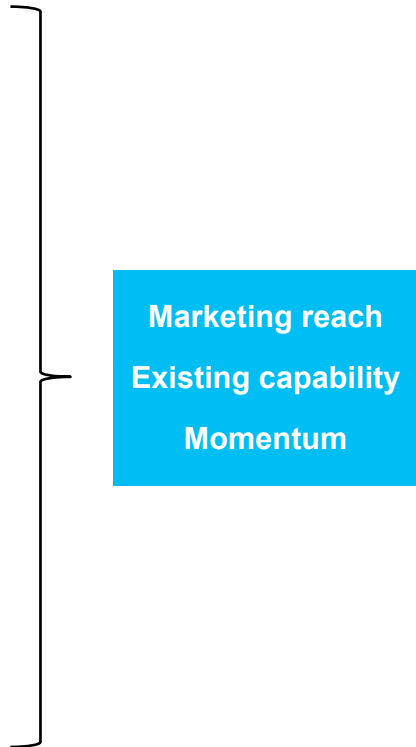


- We have built a strong management team:
  - **Mike Sneesby**, Chief Executive Officer
  - **Nick Forward**, Content Director – formerly Virgin Media and BSkyB
  - **Les Sampson**, Content Acquisition – formerly Nine Network
  - **Damian Cronan**, Chief Technology Officer – former ninemsn CTO
  - Growing team comprising experienced television and digital media staff (currently 15 people)
- We are progressing on track to launch in FY15
  - Technology platform – contracts awarded and build on track
  - Content agreements – major agreements complete
  - Branding complete
  - Go to market planning progressing well with agencies engaged
  - Distribution agreements progressing well
- We are projecting a net cash investment (pre NEC marketing) of \$50-\$65m to break-even

# NEC is well positioned



- 1 Existing relationships with leading international and domestic studios
- 2 Understanding of Australian audience preferences
- 3 Opportunity to waive hold backs against SVOD exploitation for NEC FTA content
- 4 Leading promotional ability through Nine Network, Mi9 and Ticketek database
- 5 Experienced management team in place with global SVOD experience
- 6 Existing technical and product capability in VOD



## In summary – to launch in FY15



- The SVOD business model has developed globally reaching mass market penetration and evolving the content rights model
- While the Australian market has structural challenges largely stemming from its size, the barriers (to entry and consumer take-up) are falling
- There is an existing 'pent-up' demand for a quality, value for money SVOD service not currently being serviced
- This demand will continue to grow as barriers to take-up continue to fall
- NEC is well positioned to service this market opportunity – we have a clearly defined target market and are moving quickly toward a launch in FY15



# Q&A

nine

entertainment co



M9

