nine entertainment co.

2014

Full Year Results Briefing
28 August 2014

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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.

For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendices of this presentation.

All dollar values are in Australian dollars (A$) unless other stated.

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Positive momentum across the business

- Result moderately ahead of Prospectus Pro Forma forecast
- Revenue share gains and cost control drive improved TV result in a softening advertising market
- Integration of Nine Adelaide and Nine Perth on track
- Record Live result with strong contributions from each of its principal business lines
- Digital transition and evolution continuing following 100% acquisition of Mi9
- Operating Free Cash Flow up $38m (on a Pro Forma basis) to $272m
- Debt refinancing completed – substantially lower costs and increased flexibility going forward
- Conservative Net Leverage of 1.7X
- Maiden final dividend of 4.2 cents per share, unfranked

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

FY14 result - ahead of Prospectus

$m	Reported		Pro Forma				
			Actual	Prospectus Forecast	Variance	Actual	Variance
	FY14	FY13	FY14	FY14	%	FY13	%
Revenue	1,550.4	1,270.1	1,578.3	1,565.9	+0.8	1,493.0	+5.8
Group EBITDA	309.7	261.9	311.0	305.0	+2.0	297.2	+4.7
NPAT	57.9	1,200.8	144.2	139.5	+3.4	136.7	+5.5
Operating Free Cash Flow	299.8	134.2	271.9	232.6	+16.9	234.1	+16.2
Operating Free Cash Flow Conversion	97%	51%	87%	76%	+11 pts	79%	+8 pts
Earnings per share, before Specific Items – cents	15.7	(10.3)	16.4	15.9	+3.2	nm	nm
Dividend per share - cents	4.2	-	4.2	4.1	+2.5	-	-

As at	Reported		Pro Forma		
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	Variance
Net Debt, $m	537.3	517.0	537.3	601.7	-64.4
Net Leverage	1.7X	2.0X	1.7X	2.0X	-0.3X

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Reconciling the result

$m	Actual FY14	Prospectus Forecast FY14	Variance
Reported NPAT	57.9	82.2	(24.3)
IPO transaction costs	13.8	13.2	+0.6
Public company costs	(1.0)	(1.0)	-
Net interest adjustment	7.3	8.9	(1.6)
Impact of historical divestments	5.7	-	+5.7
Impact of historical acquisitions	7.2	6.5	+0.7
Impact of Mi9 acquisition	(17.7)	(14.6)	(3.1)
Other current transaction costs	20.3	24.8	(4.5)
Other adjustments	10.7	10.7	-
IPO related remuneration adjustments	18.5	19.0	(0.5)
Debt restructure	31.8	-	+31.8
Mark to market on hedge derivatives	7.5	-	+7.5
StreamCo start up costs	1.6	-	+1.6
Tax effect of Pro Forma adjustments	(19.4)	(10.0)	(9.4)
Pro Forma NPAT	144.2	139.5	+4.7

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Positive cash flow and conservative debt profile

Pro Forma	Actual FY14	Prospectus Forecast FY14	Variance	Actual FY13
Operating Free Cash Flow, $m	**271.9**	**232.6**	**+39.3**	**234.1**
Operating Free Cash Flow Conversion	**87%**	**76%**	**+11 pts**	**79%**
Capital Expenditure and Purchased Ticketing Rights, $m	**49.4**	**50.4**	**-1.0**	**41.4**
Operating Free Cash Flow Conversion, post Capital Expenditure and Purchased Ticketing Rights	**72%**	**60%**	**+12 pts**	**65%**

Pro Forma, As at	Actual 30 Jun 2014	Actual 30 Jun 2013	Variance
Net Debt, $m	**537.3**	**601.7**	**-64.4**
Net Leverage	**1.7X**	**2.0X**	**-0.3X**

- Operating Free Cash Flow and Conversion favourable to Prospectus forecast (+$39m/+11 pts) and prior period
- Outperformance driven by $33m favourable working capital, compared with Prospectus
- Conservative Net Leverage of 1.7X
- Debt refinance in June reduced funding costs by c$20m pa and increased flexibility. 4/5 year tenure with significant undrawn capacity

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

All divisions have positive momentum

$m		Actual FY14	Vs Prospectus	Vs FY13
		Pro Forma		
Revenue	**Network**	**1,227.6**	**-0.3%**	**+4.3%**
	Live	**228.0**	**+7.7%**	**+36.4%**
	Digital	**122.7**	**-**	**na**
Total Revenue		**1,578.3**	**+0.8%**	**+5.8%**
EBITDA	**Network**	**241.5**	**+1.6%**	**+9.3%**
	Live	**68.0**	**+1.4%**	**+18.8%**
	Digital	**15.6**	**-**	**na**
	Corporate	**(18.6)**	**-1.1%**	**+2.1%**
EBITDA		**306.5**	**+1.7%**	**+4.6%**
Share of Associates' NPAT		**4.5**	**+32.4%**	**+8.8%**
Group EBITDA		**311.0**	**+2.0%**	**+4.7%**

- 6% revenue growth driven by Live and TV.
- 5% outperformance relative to Prospectus at the EBITDA line
- Corporate costs in line with Prospectus
- Share of Associates driven by Sky News

Overall, a solid performance, bettering Prospectus and FY13

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

television

Nine Network – continued positive momentum

Pro Forma $m	Actual FY14	Prospectus Forecast FY14	Variance	Actual FY13	Variance
Revenue	**1,227.6**	**1,231.4**	**-0.3%**	**1,177.6**	**+4.3%**
EBITDA	**241.5**	**237.6**	**+1.6%**	**221.0**	**+9.3%**
Margin	**19.7%**	**19.3%**	**+0.4 pts**	**18.8%**	**+0.9 pts**

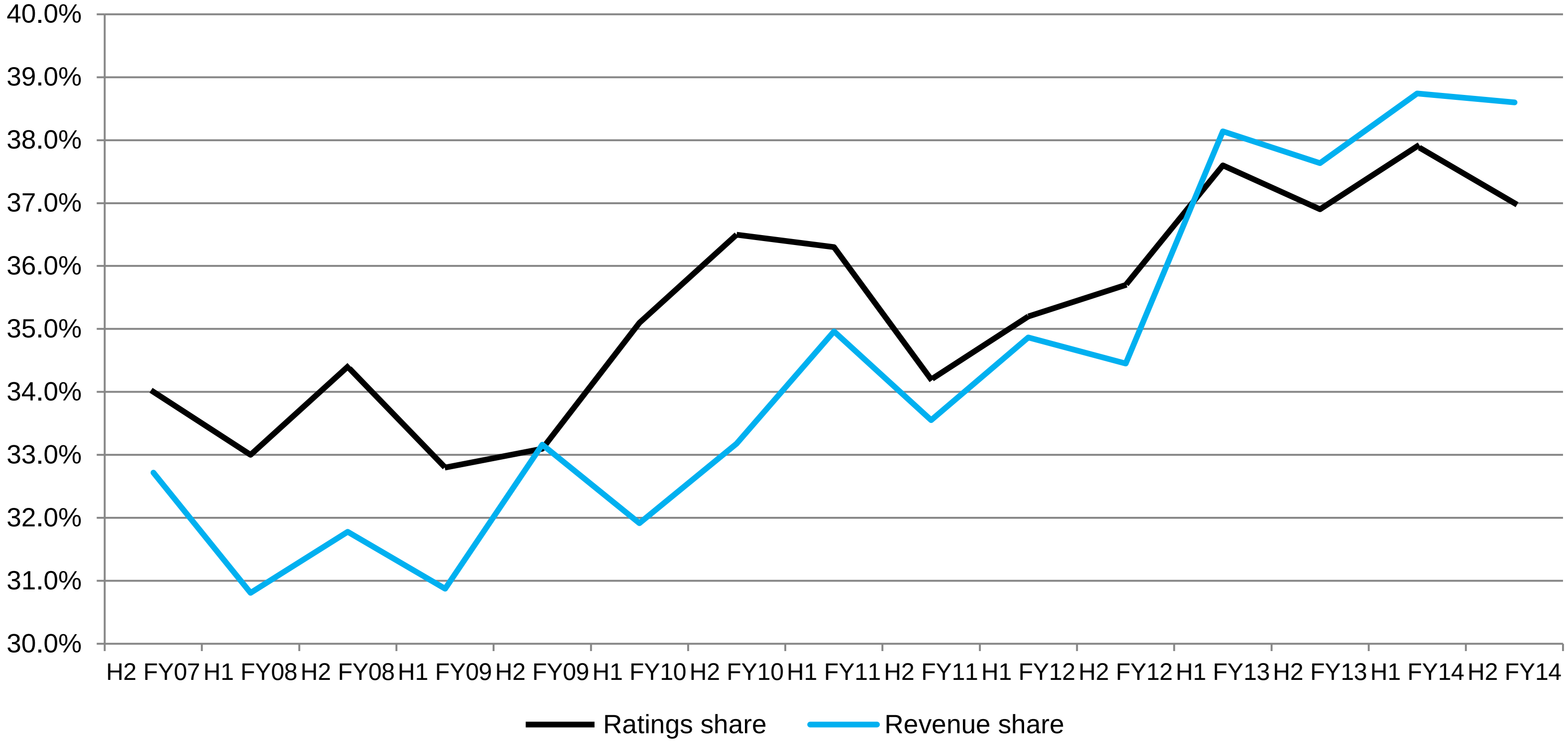
- FTA Metro market growth of 3.5%^. Underlying growth (ex contra) estimated at 2.5%
- FTA Regional market advertising revenue unchanged year-on-year
- Growth in all key advertising demographics*
  - #1 25-54 (+0.7 share pts)
  - #1 18-49 (+0.6 share pts)
  - #1 16-39 (+0.6 share pts)
  - #2 All People (+0.9 share pts)
- Full year FTA Metro advertising revenue share^ of 38.7%, up from 37.9% (vs Prospectus forecast 38.4%)
- Nine Adelaide and Nine Perth narrowing the gap – H2 FY14 respective revenue share^ gains +2.1 share pts and +2.4 share pts compared with East Coast +0.8 share pts
- TV costs up 3.1% - full year of new NRL and Cricket Australia contracts offsetting Olympic costs in prior year, down 0.8% vs Prospectus forecast, or $7.7m

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

^ Free TV data * OzTAm data, Year to June, 6am-midnight, survey weeks, ex Olympics/Easter

Revenue share follows ratings improvement

Nine's Metro Ratings^ and Revenue* Share



* Free TV data ^ OzTAM data, Year to June, 6am-midnight, survey weeks, ex Olympics/Easter

live

Nine Live – all segments growing

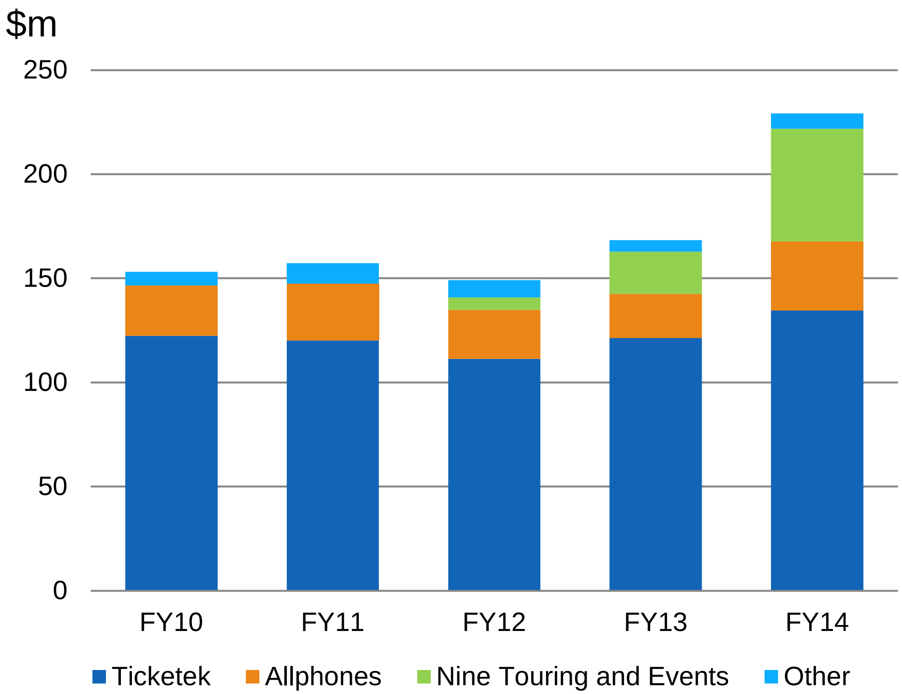
$m	Actual FY14	Prospectus Forecast FY14	Variance	Actual FY13	Variance
Revenue	**228.0**	**211.8**	**+7.7%**	**167.4**	**+36.2%**
EBITDA	**68.0**	**67.1**	**+1.4%**	**57.3**	**+18.7%**
Margin	**29.9%**	**31.7%**	**- 1.8 pts**	**34.3%**	**-4.4 pts**

- Revenue growth driven by all key segments, especially Nine Touring and Events and Allphones
- All principal segments contributed to EBITDA growth
- Core Ticketek business (Australia and NZ) continues to grow – volumes up 7%, average revenue per ticket up 2.5%
- Key ticketing contracts renewed
- Nine Touring and Events growth from One Direction, Keith Urban and Ricky Martin tours
- Seasonality reflects timing of ticket sales and touring schedules
- Margin impacted by dilutionary effect of lower margin Nine Touring and Events business

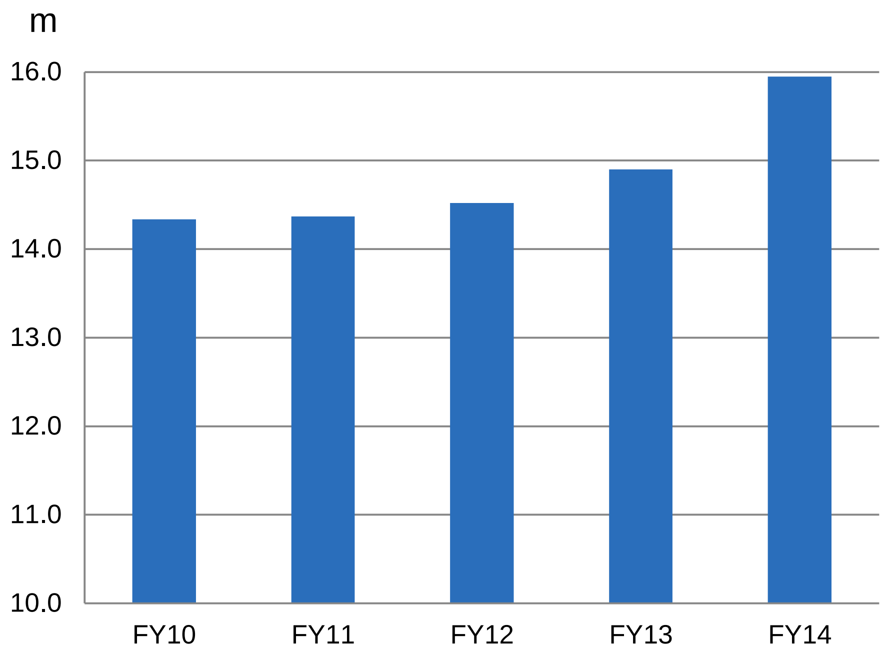
Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Core ticketing business continues to grow as Live diversifies

Contribution to Nine Live Revenue



Ticketek's ticket volumes^



Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

^ Ticket volumes Australia and New Zealand, ex World Cup Rugby

New Opportunities for Nine Live

International Champions Cup (ICC)

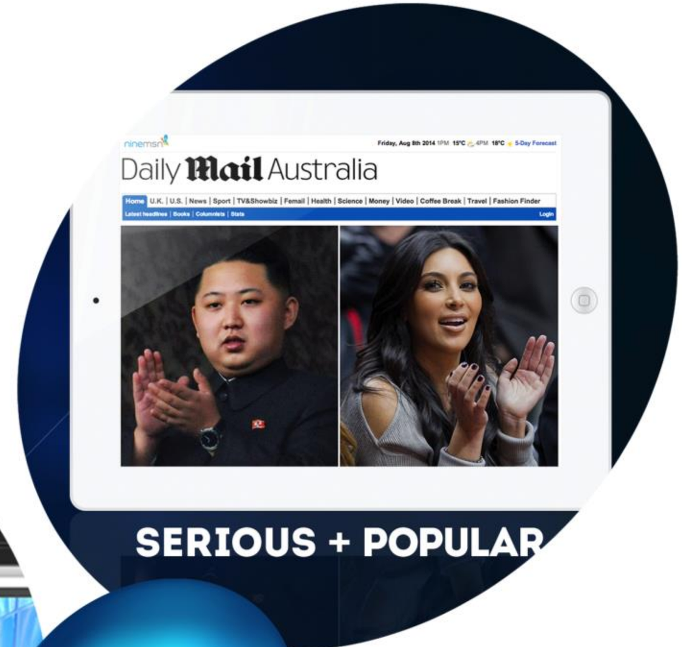
- 50:50 partnership with TLA
- Bringing Europe’s best soccer teams to Australia in CY15 - 18
- Three games per year with key international teams on rotation
- Nine Live will provide ticketing, sponsorship and hospitality services for the games
- Secondary rights – domestic TV broadcast, digital and streaming

International
CHAMPIONS CUP

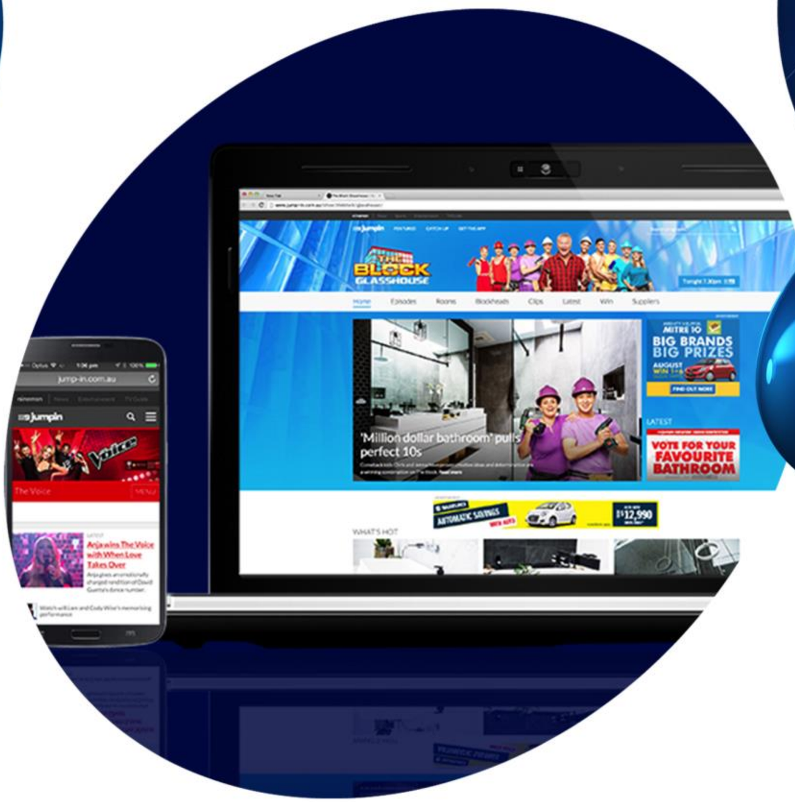
Plus a strong pipeline of other developing opportunities

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

digital



Daily Mail Australia
SERIOUS + POPULAR



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$m	Underlying FY14	Underlying FY13	Underlying Variance	Pro Forma Actual FY14	Pro Forma Actual FY13	Pro Forma Forecast FY14
Revenue	**158.7**	**147.9**	**+7.3%**	**122.7**	**147.9**	**122.7**
EBITDA	**28.0**	**33.1**	**-15.4%**	**15.6**	**33.1**	**15.6**
Margin	**17.7%**	**22.4%**	**-4.7 pts**	**12.7%**	**22.4%**	**12.8%**

- Acquired control of Mi9 on 1 November 2013. Resultant changes occurring progressively
- Underlying revenue growth of 7% underpinned by strong growth in Search (Bing), up 90% and Video, up 28%.
- EBITDA impacted by advertising mix (Owned and Operated vs 3rd party) and increased product investment
- Remains the leading domestic online publisher:
  - Leading overall audience network with monthly reach of 10.8m*
  - Superior data product – targeting revenue now ~19% of total display revenue
- Remain comfortable with post 1 July go forward earnings base of $15.6m (per Pro Forma)

* Nielsen June 2014

Under 100% ownership – Digital is evolving

- Deepening the integration between TV and Digital
    - Capitalising on great content no matter what the device, time or place
    - Strong cross-promotion eg. Cricket Australia
    - 9Jumpin catch-up TV for NINE, Go and GEM. Total long form streams up 51% in FY14 on FY13
    - One advertiser facing sales force, supported by the efficiency of full back of house integration
- Launch of 9news.com.au in July 2014
    - The first, wholly owned and fully integrated television and online News offering
    - Features include ability of reporters to live tweet, a news feed that updates automatically and big streaming windows
- Expanding reach through partnerships
    - Daily Mail Australia site launched June 2014
    - Already 5th largest news site in Australia by traffic, 3rd by engagement (time spent)
    - Identification and assessment of additional opportunities
- Establishment of Tipstone
    - Utilising market data to increase advertising effectiveness
    - Targeted revenue now drives 19% of total Mi9 display revenue
- New audience and commercial opportunities
    - Look at new audience opportunities to bolt on to our core digital audience business
    - Drive both existing and new sources of revenue complimentary to existing revenue streams

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Positive progress on key strategic initiatives

Nine Network

- Targeting a 40% revenue share
- Integration of Nine Adelaide and Nine Perth
- One hour News
- Healthy sports pipeline – Cricket World Cup, Rugby World Cup, exclusive Northern Hemisphere Ashes
- Product mix and schedule to support share target. Less reliance on overseas content

Nine Live

- Major Ticketek contracts renewed
- Growing pipeline for Nine Touring and Events
- International Champions Cup and other initiatives

Group

- Sales co-location and integration
- Debt refinance
- Improving cash flow
- Regulatory change

Nine Digital

- Consolidation and integration into Nine Network advertising sponsored business
- 9news.com.au
- Daily Mail Australia
- Tipstone
- Bolt on opportunities

Growth Initiatives and Ventures

- StreamCo
- Yellow Brick Road
- Literacy Planet
- Active business development team

MORNINGS
WE THINK POPULAR.
WIDE WORLD OF SPORTS
FEEL THE PASSION
Microsoft
Love Child
ABSINTHE
GALLIPOLI 2015
THE FOOTY SHOW
Primary ETHICS
Daily Mail Australia
The Voice KIDS
MARRIED AT FIRST SIGHT
Women's Weekly
BIG BROTHER
The Voice
Kim Kardashian
ZOO
THE BLOCK
TICKETEK
STATE OF ORIGIN
Daily Mail
NEW SEASON
HOUSE HUSBANDS
TO CATCH A SMUGGLER
9NEWS
ABSINTHE
ARROW
9NEWS
WE THINK POPULAR.
WIDE WORLD OF SPORTS

Appendices

- Appendix 1: Summary of segmental results
- Appendix 2: Cash flow
- Appendix 3a: Pro Forma adjustments – Nine Network
- Appendix 3b: Pro Forma adjustments – Cash Flow
- Appendix 4: Debt and leverage calculations
- Appendix 5: Glossary

Appendix 1: Segmental profit and loss

$m		Reported FY14	Reported FY13	Pro Forma Actual FY14	Pro Forma Prospectus Forecast FY14	Pro Forma Variance	Pro Forma Actual FY13
Revenue	Network	1,215.1	1,099.2	1,227.6	1,231.4	-0.3%	1,177.6
	Live	228.0	170.9	228.0	211.8	+7.7%	167.4
	Digital	107.2	-	122.7	122.7	-	147.9
Total Revenue		**1,550.4**	**1,270.1**	**1,578.3**	**1,565.9**	**+0.8%**	**1,493.0**
EBITDA	Network	234.2	178.2	241.5	237.6	+1.6%	221.0
	Live	68.0	57.3	68.0	67.1	+1.4%	57.3
	Digital	20.4	-	15.6	15.6	-	33.1
	Corporate	(20.2)^	(10.4)	(18.6)	(18.8)	-1.1%	(18.2)
EBITDA		**302.5**	**225.0**	**306.5**	**301.5**	**+1.7%**	**293.1**
Share of Associates' NPAT		7.3	36.9	4.5	3.4	+32.4%	4.1
Group EBITDA		309.7	261.9	**311.0**	**305.0**	**+2.0%**	**297.2**

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

^ includes StreamCo start-up costs

Appendix 2: Cash flow

Pro Forma, $m	Actual FY14	Prospectus Forecast FY14	Variance	Actual FY13	Variance
EBITDA	306.5	301.5	+5.0	293.1	+13.4
Change in working capital	(42.0)	(75.1)	+33.1	(61.3)	+19.3
Distributions from Associates	2.9	1.3	+1.6	2.3	+0.6
Net non cash IPO adjustments	4.5	4.8	(0.3)	-	+4.5
Operating Free Cash Flow	271.9	232.6	+39.3	234.1	+37.8
Capital Expenditure and Purchased Ticketing Rights	(49.4)	(50.4)	+1.0	(41.4)	(8.0)
Operating Free Cash Flow, after Capital Expenditure and Purchased Ticketing Rights	222.5	182.2	+40.3	192.7	+29.8

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Appendix 3a: Pro Forma adjustments – Nine Network

	FY14		FY13	
$m	**Revenue**	**EBITDA**	**Revenue**	**EBITDA**
Reported	**1,215.1**	**234.2**	**1,099.2**	**178.2**
Affiliate fees Adelaide/Perth	**(11.6)**	**-**	**(83.0)**	**-**
Actual revenue Adelaide/Perth	**24.1**	**-**	**161.4**	**-**
Incremental EBITDA Adelaide/Perth	**-**	**7.3**	**-**	**42.8**
Pro Forma	**1,227.6**	**241.5**	**1,177.6**	**221.0**

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Appendix 3b: Pro Forma adjustments – Cash flow

$m	Actual FY14	Actual FY13
Statutory cash flows from operating activities	189.0	(38.3)
Statutory interest received	(4.6)	(5.4)
Statutory interest and other costs of finance paid	69.6	174.8
Statutory income tax	22.7	-
Statutory free cash flow	276.7	131.0
Impact of historical divestments	-	(15.4)
Impact of historical acquisitions	4.7	62.4
Cash held on trust	(15.5)	(45.0)
Impact of NRL contract	-	80.0
Specific Items and other adjustments	6.0	21.6
Pro Forma Operating Free Cash Flow	271.9	234.7

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Appendix 4: Debt and leverage calculations

As at, $m	Actual 30 Jun 2014	Actual 31 Dec 2013	Pro Forma 30 Jun 2013
Interest bearing loans and borrowings	603.1	898.0	870.7
MTM derivatives	-	(133.9)	(99.7)
Gross debt (net of MTM derivatives)	603.1	764.1	771.0
Cash and cash equivalents	(219.8)	(429.4)	(307.5)
Cash held on trust	126.5	136.3	110.9
Deferred payment related to Mi9	27.7	25.3	27.3
Net Debt	537.3	496.3	601.7
Net Leverage	1.7X	1.6X	2.0X

Refer to glossary in Appendix 5 for definitions of all capitalised terms. Totals may not add due to rounding.

Appendix 5: Glossary

- EBITDA – earnings before interest, tax, depreciation and amortisation, from continuing businesses before Specific Items
- FTA – free-to-air
- Group EBITDA – EBITDA plus share of Associates' net profit, from continuing businesses before Specific Items
- IPO – Initial Public Offering
- Metro – Sydney, Melbourne, Brisbane, Adelaide and Perth
- Net Debt – gross debt per the balance sheet net of mark-to-market on debt hedge instruments less available cash plus deferred purchase consideration on the acquisition of controlled entities
- Net Leverage – Net Debt divided by Group EBITDA
- nm – not meaningful
- Net Profit after Tax (NPAT) – net profit after tax, from continuing businesses before Specific Items
- NRL – National Rugby League
- Operating Free Cash Flow – EBITDA adjusted for changes in working capital and other non-cash items (not relating to Specific Items) plus dividends received from Associates
- Operating Free Cash Flow Conversion – Operating Free Cash Flow divided by Group EBITDA
- Pro Forma – as adjusted to reflect the impact of acquisitions, divestments and/or other transactions as if these had been effective for the whole reporting period, before Specific Items and after adjusting for standalone listed company costs
- Prospectus – as lodged with ASIC on 4 November 2013
- Purchased Ticketing Rights – the amount paid to venue owners or promoters to secure exclusive ticketing rights
- Revenue – operating revenue from continuing businesses, excluding interest income and Specific Items, and prior to the elimination of inter-segment revenue
- Specific Items – amounts as set out in Note 2(b) of the FY14 Statutory Accounts
- Statutory Accounts – audited or audit reviewed, consolidated financial statements
- Statutory Reported – extracted from the Statutory Accounts
- Underlying – 100% of the earnings of Mi9 in the respective periods

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