entertainment co.

Macquarie Australia Conference
5 May 2016

Hugh Marks CEO
Nola Hodgson Head of Investor Relations

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, (May 2016). 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, including NEC's expectations about the performance of its businesses. Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause NEC's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of NEC. As such, undue reliance should not be placed on any forward looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of NEC.

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.

For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendices of the H1 FY16 Results Presentation, dated 25 February 2016.

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

1. A leading platform in the Australian FTA TV industry with fully owned digital capability
2. Evolving to the leading premium video and advertising company in Australia
3. Slate of leading local and international news, sport, reality and drama content
4. Programming efficiency to increase with discontinuation of international output deal
5. Leading Australian AVOD (9Now) and SVOD (Stan joint venture) businesses
6. Focus on broadening the exploitation of content
7. Significant financial flexibility with clear focus on shareholder returns
8. Opportunities through regulatory change

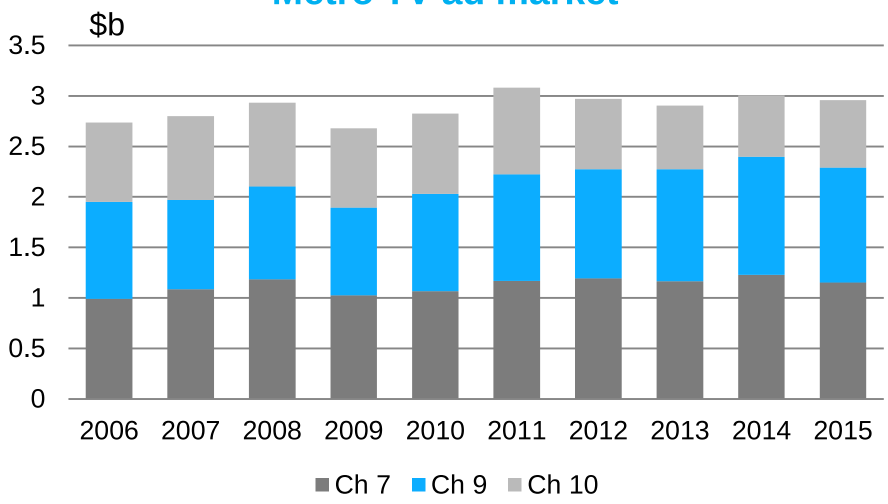
FTA TV – 85-90% of FY15 revenue/EBITDA

- 9's Metro FTA TV share of c38% of a $3b market. Likely to be low growth (at best) for the medium term

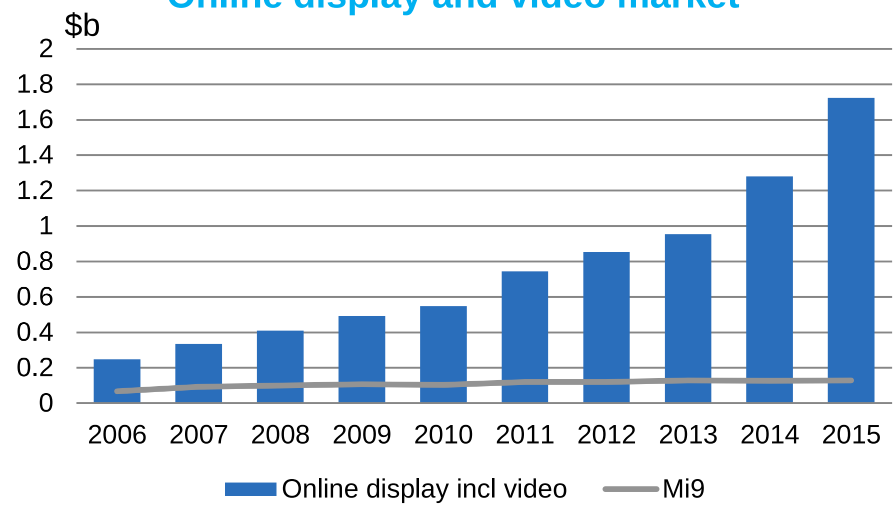
Digital – 10-15% of FY15 revenue/EBITDA

- 9's Digital ad revenue share of c8% of a $1.8b market. Strong growth expected to continue
- Online video's share is c$230m, of which c$60m attributed to FTA AVOD

Metro TV ad market[1]



Online display and video market[2]



[1] Source: KPMG data years to June

[2] Source: IaB data years to June

The Australian FTA market is different

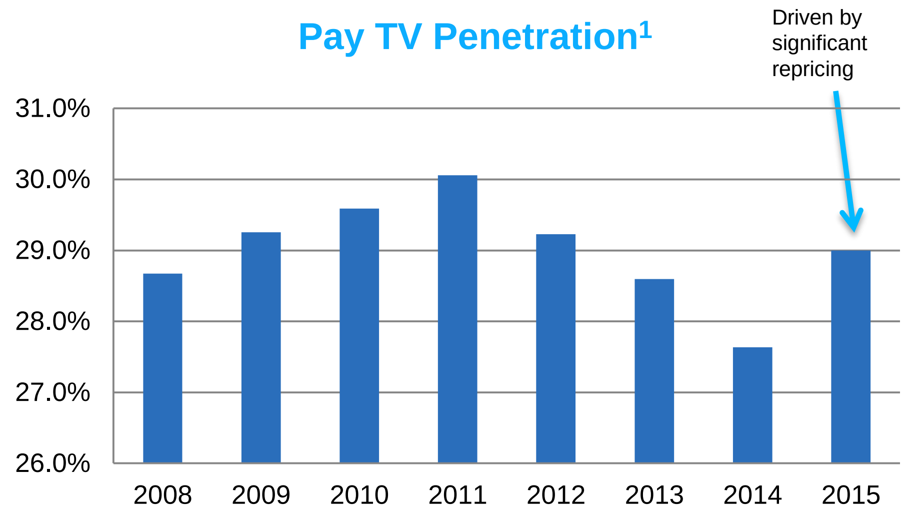
- Three commercial FTA licences and a moratorium on new licences
- FTA TV is genuinely free – consumers don't need a cable or dish to receive
- Quality of domestic content has historically been high
- Strong following for News on FTA TV – both 6pm News services attract >1m viewers, each night, 365 days per year
- Anti-siphoning ensures premium sport stays on FTA

Anti-siphoning covers:

- Olympics
- Commonwealth Games
- Horse racing
- Australian Rules Football (AFL)
- Rugby League (NRL)
- Rugby Union
- Cricket
- Soccer
- Tennis
- Netball
- Golf
- Motor Sports

Pay TV in Australia has limited reach

- Pay TV is a monopoly in Australia, and has been operating for more than 20 years
- The ARPU is relatively high, albeit decreasing
- Access to exclusive, premium local sport is limited
- Penetration has been relatively stagnant for a number of years

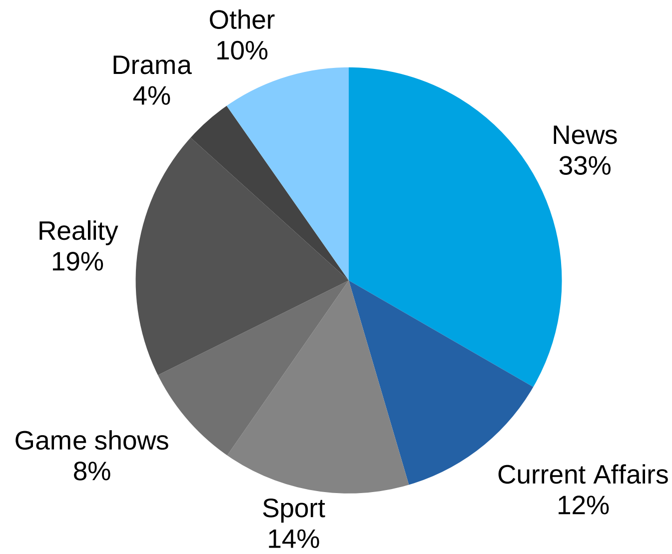


[1] OzTAM data

Content evolves as consumption habits change

- Composition of prime time has evolved significantly over the past 10 years
- Ten years ago, around half of Nine's prime time schedule was international content
- Today, a greatly reduced reliance on international product
- Completion of Warners contract offers increased capacity for local content as cash costs wind down
- Reliance now on programming which must be watched live and that with audience participation
- SVOD viewing tends to be daytime or late evening
- Schedule spend will be more focussed on premium early evening viewing

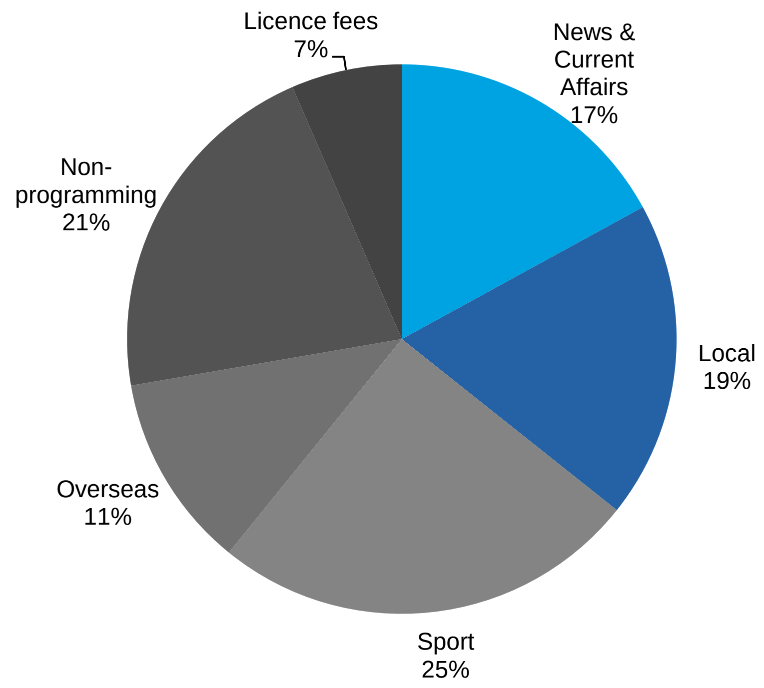
Prime time content, current[1]



Renewed focus on costs

- Total TV cost base c$1b
- Split 30% non-programming : 70% programming
- Programming accountability enhanced under new management Program by program P&L will ensure broader focus
- Change in structure of the Warner's deal increases flexibility
- Cost guidance in FY16 is `at least -4%' on FY15
- Ongoing costs will be controlled – efficiency of spend the focus
- Further opportunities to address costs on an industry basis – playout, outside broadcast, ad insertion
- Move from Willoughby will create longer term opportunities

TV cost distribution



Business must be viewed differently

- NRL a great example – decision to simulcast
- $20m revenue in CY16 and CY17 from simulcast
- Foxtel must carry 8 minutes each game of Nine's ads

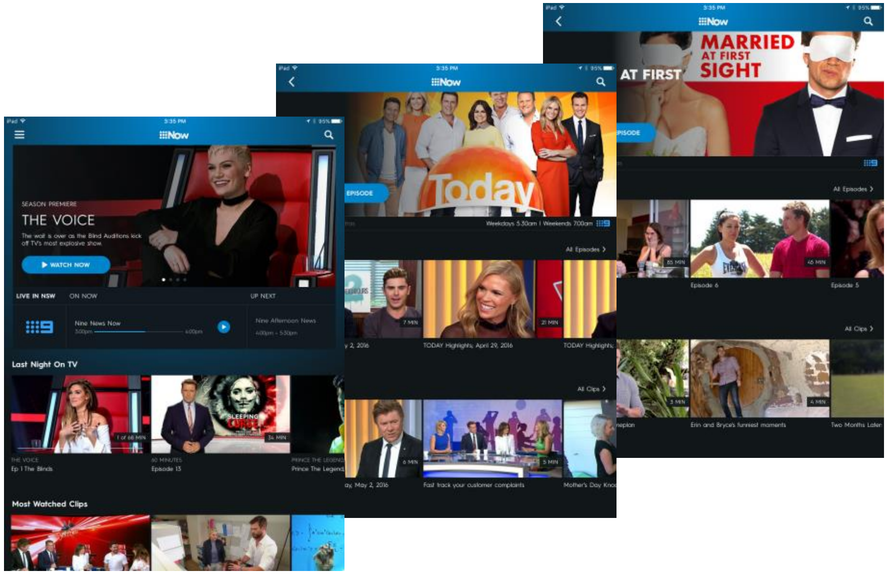
NRL audiences, rounds 1-8, Sydney/Brisbane	2016	2015	% chg
Nine	**404,525**	**465,596**	**-13%**
Fox Sports	**136,045**		
Combined	**540,570**	**465,596**	**+16%**

audiences +16%

- Sacrificed direct audience/ratings for profit

Strong operational performance from Digital

- Australia's leading multi-medium new brand, 9News and an innovative News Alerts app
- Launched 9Now, a world class streaming and AVOD product, enabling all Australians to consume our content
- Long form VOD (Video On Demand) now has meaningful audiences in prime time and is growing rapidly
- AVOD accounts for an estimated 40%, the majority of which is FTA content. Remainder is SVOD and TVOD
- Further upside as industry progressively introduces more large screen options – Apple TV tiles, Smart TV integration
- Launched My9 data proposition supported by 9Now – more than 1m members as at the end of April
- The Fix, Coach and Honey #1 brands in their respective categories[1]



1 Nielsen data

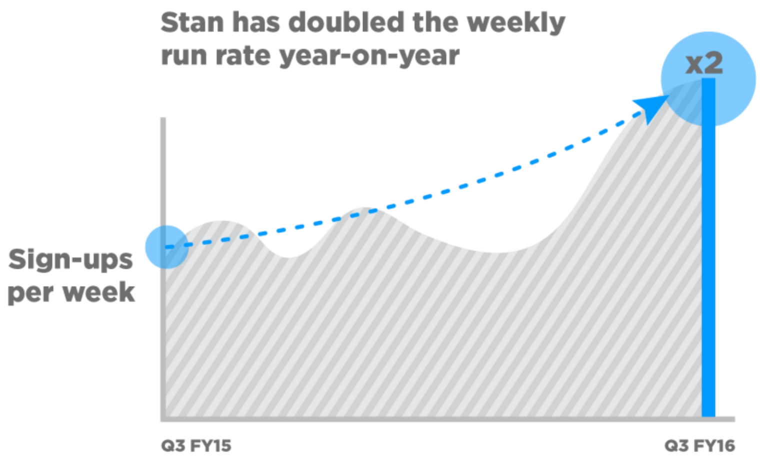
History in using FTA TV to build digital brands

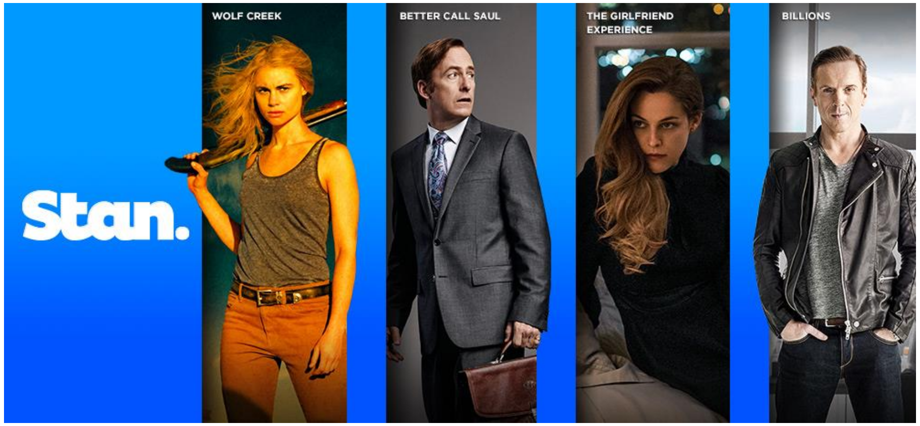
- NEC has a strong track record of using media assets to build market leading digital brands
- Television remains the most effective way to address mass audiences
- The value of digital businesses built is almost $10b
- Currently investments in Yellow Brick Road, Rate City and Literacy Planet
- More brands to be launched soon (travel, food) with additional categories over the medium term

1 Nielsen data

Stan's growth momentum continues

- Leading line-up of first run, exclusive and original programming
- Highly differentiated content offering with long term exclusive rights to the world's best TV series and world class local productions
- Key milestones/achievements:
  - This month Stan will mark its one millionth sign–up, resulting in active subs of 500,000
  - Roll-out completed on all major streaming platforms
  - Long term output deal with CBS making Stan the official Australian home of Showtime
  - Highly anticipated Stan original drama, *Wolf Creek*, launching May 12
- Outlook:
  - Sign-up momentum continuing
  - Reach cash flow break-even during FY18





FTA in FY16 – Tough start to the year

- Four years of market leadership in key advertiser demographics (CY12-15)
- FTA Metro advertising revenue share growth to 38.4%[1] but not fully reflective of this demographic strength
- Tough start to 2016
  - FTA Metro ad market decline of 0.4% for H1 FY16. Q3 market down high single digits
  - FTA Regional ad market down 6.6%[1] across H1
  - Shortened cricket season, with c1/3 of all days lost due to rain/short tests
  - Disappointing launch of the 2016 prime time schedule
  - Q3 share of c35%
  - Guided to FY16 revenue share of c37%, below our predicted LT share of 38%

- Marginal improvement since April 5 trading update[2]

Audiences:	25-54s	+2%
	18-49s	+3%
	16-39s	+1%
Share:	25-54s	+1.1 pts
	18-49s	+1.2 pts
	16-39s	+0.7 pts

- Q4 impacts to include
  - The return of The Voice – 1.4m metro audience for episodes 1&2
  - Pre-election ad spend
  - Impact of the Olympics
  - Focus next year's programming

1 Free TV data, 12 months to Dec 2015

2 OzTAM data. 6 months to Dec 2015, 6pm-midnight,

Two recent announcements

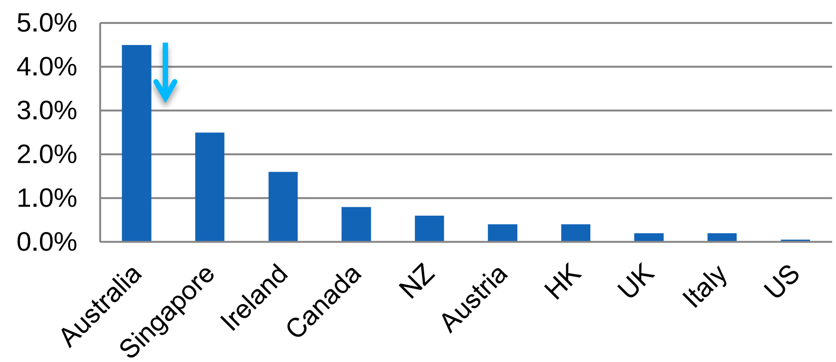
- New affiliate agreement with Southern Cross Austereo
  - 5 year agreement from 1 July 2016
  - Broadcasts Nine's metro TV content into regional Queensland, Southern NSW and regional Victoria
  - Affiliation fee paid to Nine of 50% of TV revenue
  - Expansion of news services broadcast by SCA
  - SCA to provide national sales services for NBN (NNSW) and Darwin
- A mutually beneficial outcome for both NEC and SXL

- Licence fee relief
  - Government has announced a 25% cut in licence fees
  - 4.5% reducing to 3.375% for FY16 (cash paid December 2016)
  - In FY15, licence fees cost NEC $51m
  - Remain high by global standards
  - Further reductions to be discussed later in CY16

SOUTHERN CROSS AUSTEREO *absolutely* engaging

Nine entertainment co.

Licence fee as a % of broadcasting revenue



Key strategic initiatives

NEC Group core focus

- World class, New platforms
  - Streaming and AVOD service, 9Now
  - SVOD - Stan
- Broadening content
  - End of WB contract reducing inefficient content spend
  - Divert savings to higher performing local content
  - Focus on profitable content integration across TV and Digital
  - Diversification of cross-platform content offering
  - New channel – 9Life
- Grow other revenues
  - Own and control IP
  - Increase in-house production capabilities
  - Execute opportunities to monetise IP
- Maximising CPMs via
  - Technological change – automated trading
  - Utilisation of data creates targeting opportunities
- Ongoing cost focus
  - Both NEC specific and industry-wide opportunities

Regulatory opportunities

- Licence fee reduction announced with 2016 budget Potential of further reductions to follow
- Reach rule/2 out of 3

Capital Management

- $106m of first $150m buy-back completed
- $5m of second $150m buy-back completed to date
- Payout ratio of 80 - 100%, fully franked
- Sale of Willoughby site to complete October 2017

Corporate

- Assessment of any strategic/parallel investment opportunities

Today
new the BIG BANG theory
ellen
NEW SEASON HOUSE HUSBANDS
HYDE+SEEK
CRICKET AUSTRALIA
the Voice
VERDICT
NRL FOOTY FINALS
new the BIG BANG theory
A CURRENT AFFAIR
ALL NEW INSIDE STORY
HYDE+SEEK
THE FOLLOWING
RBT
NEW SEASON love child
FOOTY SHOW
9NEWS NIGHTLY 6.00
60 MINUTES
STATE OF ORIGIN
THE BLOCK
MARRIED AT FIRST SIGHT
the Voice
Today
SUMMER OF CRICKET
9HD
Gem
Go!
Life
Now
9
msn
9NEWS .com.au
LIFESTYLE
ninemsn COACH
Stan.
the FIX
homes
skype
ninemsn honey
YOUR FASHION AND BEAUTY CONFIDANT
XBOX
ninemsn Pickle.
elsewhere.
homes
bing ads
ninemsn food
ninemsn
Outlook.com
skype
the FIX
elsewhere.
msn
9NEWS .com.au

2016