15 November 2016

The Manager
Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Annual General Meeting Addresses

Nine Entertainment Co. (ASX: NEC) is holding its Annual General Meeting in Sydney today, commencing at 10am (AEST). The Chairman's address and the Chief Executive Officer's speech are attached.

Yours faithfully

Rachel Launders
Company Secretary

2016 ANNUAL GENERAL MEETING

Chairman's Address – Mr Peter Costello, AO

2016 has been a very challenging year for the Free To Air industry across the board. At Nine however, we have used this period wisely, continuing to broaden the business beyond linear broadcasting to be a major content creator and distributor across multiple platforms.

Our Free To Air business has successfully overcome a slow start to the 2016 ratings year, with consistent post-Olympic victory across all of its key demographics and the promise of further incremental local premium content for 2017. All achieved within the confines of disciplined cost controls – which Hugh will touch on in more detail a little later.

Of course, licence fees remain a key cost of the business. While we welcomed the reduction which was announced by the Government in the May budget, our licencing regime remains unfair to Australian broadcasters. The licence fee is in addition to the usual company and consumption taxes. Not only does the Australian Free To Air Industry remain liable for these taxes but of course it has local content and production requirements as well. Licence fees and content rules do not apply to foreign entrants now delivering content to Australian viewers and directly competing with Australian broadcasters for the revenue that we are paying those license fees on. The licencing regime is anachronistic, it was conceived for a media world that has passed and is out of step with arrangements in other comparable markets.

Re-addressing Australia's licence fee regime is clearly the most pressing regulatory issue facing the Free To Air industry at present. Our fees must be reset to levels consistent with international benchmarks. This reset is vital for both the continued strength of the Free To Air market sector, which underpins the entire Australian content market, and to shareholders to ensure they are not unfairly prejudiced by the continued application of these onerous fees. We also remain supportive of continued broader media reform that will allow the local industry to evolve without artificial barriers, and hence more effectively compete with overseas entrants. However, the adjustment to licence fees must be addressed as an immediate priority.

Irrespective of media law changes, as we have proven with our recent affiliate agreement with Southern Cross, in the interim we can and will seek out commercial opportunities where they present themselves.

While Free To Air remains our biggest contributor, Nine's digital business is actively leveraging the strength of our television assets to grow digital audiences. It is Nine's core capability in premium digital video that means we can compete effectively in the broader digital space – with content that is relevant, local and of premium quality that audiences will actively commit to and can be presented in a brand safe environment. This is a significant point of difference to the likes of You Tube and Facebook and of real value to advertisers.

The growth in our online audiences has been significant with the recently relaunched Nine.com.au homepage and its associated websites, having this year cemented their place in the top three commercial news websites. We have also made great progress in the development of our on-demand platforms. Our AVOD platform 9Now has more than 2m Australian subscribers, having launched less than 12 months ago. Stan, our subscription video on demand joint venture with Fairfax, has also consolidated its position as the pre-eminent Australian subscription video on demand platform and remains on a path to profitability. The recently announced Showtime deal, coupled with Stan's commitment to original, Australian content, will ensure its offering continues to expand and attract a growing subscriber base. We understand content and have long standing relationships with all the major content creators. Together with our joint venture partner, Fairfax, we have an exceptional ability to promote consumer propositions to mass audiences.

Our leading portfolio of Free To Air broadcast and On Demand platforms places us in a unique position in the Australian market. We will continue to invest in local, premium content that works for Australian audiences and advertisers. Our approach is one which maximises the competitive advantages of our existing businesses but also underlines our leadership of the Australian digital media landscape, while simultaneously signalling our intention to be a much larger player in this space. Our expanding portfolio of premium local content creates vast opportunities for the business as we continue to broaden the delivery of that content.

I want to touch briefly on the events concerning our 60 Minutes team in Beirut in April. Following this incident, NEC commissioned an extensive independent review of the events leading up to the incident to ascertain what had gone wrong and what should have been done better.

We have subsequently committed to enhanced processes relating to story selection and approval, how we approve contracts and payments, and the way we conduct risk assessments. We have an obligation to our staff, our shareholders and our viewers to operate in ways that further our reputation as a leading producer of News and Current Affairs.

In November last year, the Board welcomed the appointment of Hugh Marks as the new Chief Executive Officer. Hugh is a highly successful veteran of the media and production industry, with almost 20 years' experience as a senior executive in content production and broadcasting in Australia and internationally. His previous position as a non-executive director of NEC enabled a very smooth transition. His vision and commitment to the future of the business have been welcomed.

Hugh succeeded David Gyngell who decided to retire, after eight tireless years as CEO of NEC. He led the Company through a significant restructuring, whilst remaining an active and inspiring leader on a day-to-day basis. We were delighted when David agreed to continue his long association with Nine as a non-executive director.

In closing, I would like to thank all of NEC's management and staff for their ongoing commitment and tireless work ethic. We are constantly asking our employees to challenge the way things have been done in the past and to think of ways to improve our service to consumers. They are consistently rising to the challenge.

Thank you also to my fellow Board members who have supported the management team and me throughout the year. A particular thank you to those Directors who retired during the year. David Haslingden who I mentioned earlier. Also, Kevin Crowe and Steve Martinez who were both nominees of Apollo Management, and were committed Board members since February 2013 making invaluable contributions throughout their tenure.

During the year, we appointed Elizabeth Gaines and Catherine West as Directors. Both bring strong skills to the Board which now has a clear majority of independent Directors. Together, the Board has an impressive mix of complementary skills from international media to finance and public market experience, and a commitment to work in the interests of all shareholders.

I will now invite Hugh Marks to say a few words.

Sydney, Australia
15 November 2016

2016 ANNUAL GENERAL MEETING

Chief Executive Officer's Address – Mr Hugh Marks

I might first touch briefly on the specifics of our result for the year to June 30, 2016 and then address our strategy and outlook for the coming year.

For the year to June 2016, Group revenue was down 6% on the back of the weaker Free To Air market and Nine's lower share. Helping to mitigate this was a strong focus on cost management, including successfully negotiating a reduction in licence fees, which benefited results by $11m.

On a continuing business basis, Group EBITDA was $202m for the year. This result was down 7% year-on-year and slightly ahead of the average analyst forecasts. Net Profit After Tax was $120m, also down 7%. Earnings per share were down 1%.

Specific items resulted in a profit of $203m, with the key components being a $288m after tax profit on the sale of Nine Live, partially offset by $46m of programming provisions, a $33m impairment charge against NBN and an assortment of restructuring costs.

So, taking into account specific items and profit for the month we owned the Nine Live business, our statutory Net Profit After Tax was $325m.

The Group paid a 4 cent final dividend taking full year dividends to 12 cents. That's a payout ratio of 86%, well ahead of our media sector peers.

Net debt at the end of June was $178m – this incorporated the impact of the $89m investment in Southern Cross, $80m in capital returned to shareholders via the on-market buyback, as well as $36m invested in Stan during the year.

Since year end, you will be aware that we have sold the stake in Southern Cross, for a $30m pre-tax profit. Our balance sheet remains solid. This will become more pronounced as we work through calendar 2017 with proceeds from the sale of the Willoughby site and recoupment of our previous NRL payment across calendar 2017, offsetting the recent prepayment relating to the new agreement.

Looking briefly at the divisions - TV Revenues were down 7%. Metro FTA market revenues were down by 2% and regional markets down 6% across the year. Nine's slow start to the 2016 season resulted in a 37% share of Metro Revenues for the 12 months to June, in line with the guidance we provided in April. Other revenues include those from the NRL simulcast arrangements with Foxtel.

Television EBITDA declined by 11% year-on-year, due to the flow-on effect of softer revenues partially offset by the benefit of lower operating costs and reduced licence fees.

In FY16, we successfully reduced the underlying costs of our television business by more than 2% and markedly reweighted the variable to fixed cost balance, improving our ability to adjust to market factors in the future.

Critical to this was the decision to discontinue the Warner Bros. output deal at the start of 2016. This gave Nine the ability to restructure its programming schedule without the crippling commitment to take bulk US content that had ceased to work for our Free To Air business. The subsequently negotiated exit from the open-ended life of series obligations under this output agreement gives Nine absolute control of its programming schedule into the future which is vital in an environment of rapid change.

Nine Digital recorded EBITDA growth of 19% over the year. We have continued to refocus the business towards more profitable revenue streams and, in a period when our content offering was expanding, we were able to reduce our operating costs by 8%.

Corporate costs were down 13%, reflecting lower management costs. We also received $2.5m in dividends from our investment in Southern Cross.

In summary, we faced two issues in the year. A soft free to air advertising market, and our own weaker than planned Free To Air ratings performance. While we worked hard on our cost base, we weren't able to absorb both impacts, resulting in a disappointing performance at the bottom line.

Throughout the year however, we made significant progress reshaping our business which stands us in good stead for the years to come.

From a platform perspective, we developed and launched a leading AVOD service, 9Now which already has 2.2m registered users, from a standing start in February. The success of 9Now in combination with our associated digital publishing platform has Nine recording more video streams in 2016 than any other Australian publisher.

Our SVOD joint venture, Stan, has established itself as the number one local player in the high growth on demand subscription television business with 600,000 active subscribers at the end of October.

We launched a fourth TV channel in 9Life, Australia's first free-to-air lifestyle channel which is now the #1 multi-channel in the all-important female 18-54 demo, adding real targeted advertising capability in our multi-channel environment.

We locked in our long term broadcast rights (including free digital rights from 2018) for the NRL through to 2022 on terms which have improved on a cost per live hour basis.

In April this year, we signed a long term affiliate deal with Southern Cross Media. This was a landmark deal for Nine on markedly improved financial terms. The agreement also positions Nine as the only free television network with a true national brand and guaranteed national coverage of all of Nine's programming which will be important in the execution of our longer term strategy.

Both our digital and broadcast businesses are currently investing in leading edge ad management systems that will ensure maximisation of yield and efficiency of delivery for our advertisers. We expect both systems to be operational before the end of this financial year. This investment will enable Nine to compete more effectively with the sophisticated trading models of the large international publishers who have entered our market.

Looking forward, the overall Free To Air ad market has been under increasing pressure from competition from large international technology players – competitors without the complex regulatory framework within which we operate. In May, Think TV was formed – a new industry body bringing together the free-to-air and subscription television industries in Australia with a mandate to promote television advertising in broadcast quality content environments. We welcome this first real sign of a commitment to work together for the good of the industry, driving television's share of the advertising pie.

In terms of the financial outlook for FY17, it would be fair to say that the advertising market continues to be short and difficult to predict. After a Q1 market decline of around 4%, it appears likely metro Free-To-Air advertising revenue will be down in the low single digits for FY17. While there is some forward positive commentary about the market we don't expect that to translate to outcomes until calendar 2017 with this being assisted by the implementation of new trading systems by Nine and across the industry.

While regional markets remain soft as well, our new affiliate deal with Southern Cross continues to perform ahead of our expectations and will offset.

Our focus on costs is unwavering - in light of the state of the ad market, we are now expecting FY17 TV costs to be down c1.5% on FY16. We are also well developed in our planning to continue to achieve further efficiency in our cost base, with an additional $50m reduction in costs planned by FY19, and that is before any impact of long overdue incremental licence fee reductions. These reductions will be driven by further efficiencies across our $700m expenditure on domestic and international content in our television business, reductions in our spend on technology as we move beyond our current investment phase and other initiatives including the progress we are making as an industry across major expenditure areas such as playout and outside broadcast.

Before I wrap up, I want to provide a brief summary of our current strategic priorities, aligned around four key pillars.

First in Free To Air television. Re-establishing operating momentum in the Free To Air TV business is the first priority and immediate focus for the business. As I mentioned earlier, as much as our performance in FY16 was impacted by the overall market, it was impacted by our own disappointing share. Share is something we can directly control. I'm pleased that our main channel performance post the Olympics, which is traditionally the feeding ground of the Olympic network, has been dominant with our 25 – 54 commercial share from the day following the Olympics exceeding 38%.

In 2017, we will see a significant lift in the amount of local content we will have on air with at least 50% more premium local hours, all achieved within the cost disciplines we have established and to which I will talk later. I am confident our reworked content mix and schedule for 2017 will see us lift our performance over what we achieved in 2016.

Second we will continue to invest in our digital publishing business. Extending our premium content experience, something that global technology players do not have, across more categories is of real value to advertisers. Through 2016, we have launched a number of new verticals, including most recently the establishment of the 9Honey network targeting the influential female consumer. This and the recent acquisition of CarAdvice has broadened Nine's offering in core advertising categories providing us the opportunity to differentiate our offering to key advertisers. In 2017, we will be focussed on continuing to invest in other verticals that work with our existing mix, and enhancing the monetisation of this content including across video and mobile.

Third, we will continue to invest in on-demand television through both Stan and 9Now. This is the fastest growing segment in the broader video segment. Stan is the clear leading local subscription on demand service and continues to perform to its long term targets. 9Now continues to add registered users and with so much more content being delivered in 2017 is expected to see significant viewership increases in the coming year.

Finally, we are a content production and distribution business. We continue to expand our internal production capability with revenue in our production business forecast to grow in excess of 50% in FY17. The ownership and exploitation of content rights will be a key priority in the current year and in the future with a number of key owned content franchises being available for exploitation in 2017.

Our access to the screen is second to none through our re-focussed Free To Air network, our state of the art streaming service, Australia's leading SVOD service, and a broadening digital content offering. All a unique combination in the Australian market.

I'll now hand back to Peter.

Sydney, Australia
15 November 2016

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