

MACQUARIE AUSTRALIA CONFERENCE

2 MAY 2017



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CREATE GREAT CONTENT | DISTRIBUTE IT BROADLY | ENGAGE AUDIENCES & ADVERTISERS



BROADCAST TELEVISION

Australia's leading FTA network in the key advertiser demographics



VIDEO ON DEMAND

Unique mix of leading local advertising and subscription based on demand television services



DIGITAL PUBLISHING

Diverse portfolio of leading digital platforms across News, Sport, Entertainment and Lifestyle



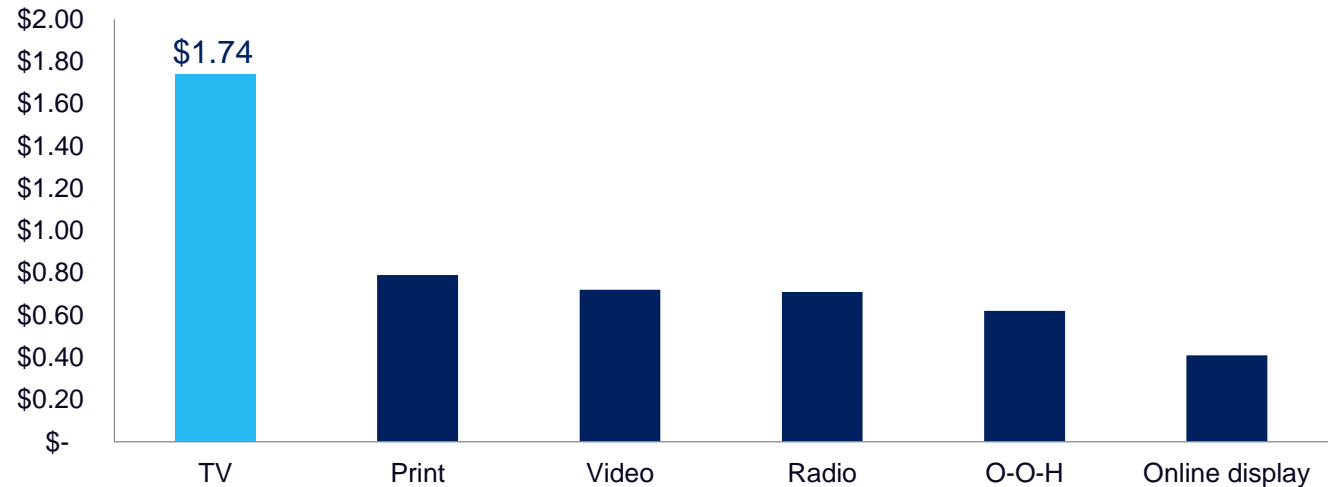
CONTENT PRODUCTION

Television content production and distribution

REACHING MASS AUDIENCES – FREE TO AIR TV

- Free to Air TV engages 19.7m Australians each week
- Free to Air TV accounts for the biggest share of viewing in Australian homes
- The TV set is the number one screen for viewing content, accounting for ~85% of screen time
- FTA TV is the most effective advertising medium for mass audiences

Revenue per \$ invested

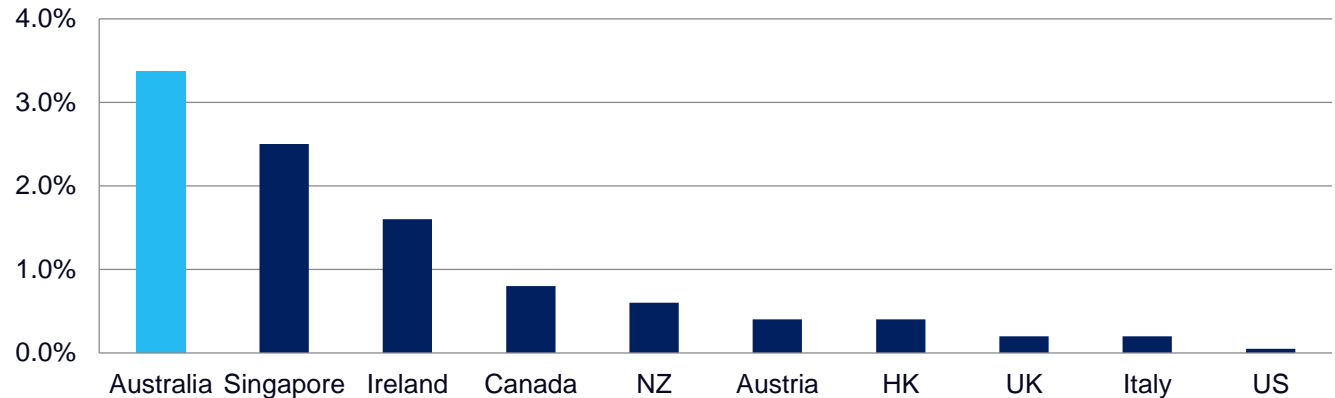


Source: Ebiqity "Payback" Study Wave 1 (FMCG, OTC and Beverages) November 2016

FTA IN AUSTRALIA IS DIFFERENT

- Anti-siphoning ensures access to key sports
- Pay TV penetration c30% in Australia
- Foundations are News, Sport and local original content
- Migration away from international content. In CY16, 49 of the Top 50 programs were local
- Broadcast licence fees cost Nine c\$35m per year. Current rate 3.375%. New services like *Google*, *Facebook* and *Netflix* pay no licence fees

Licence fee as a % of broadcasting revenue





**MARRIED
AT FIRST SIGHT**

A STRONG START TO 2017



**YOY
AUDIENCE
GROWTH**

#1

**SURVEY WEEK
WINS IN 2017**

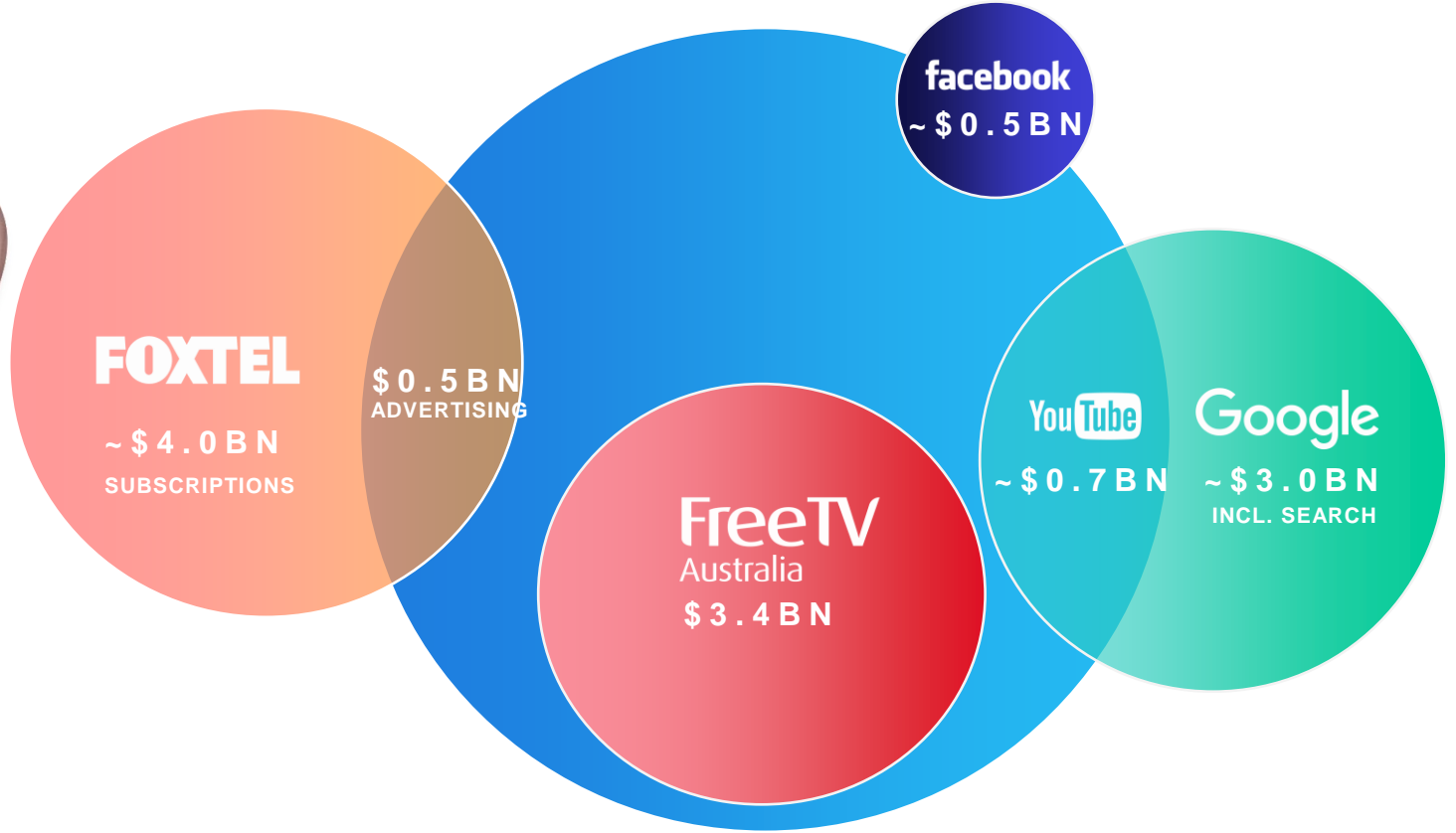
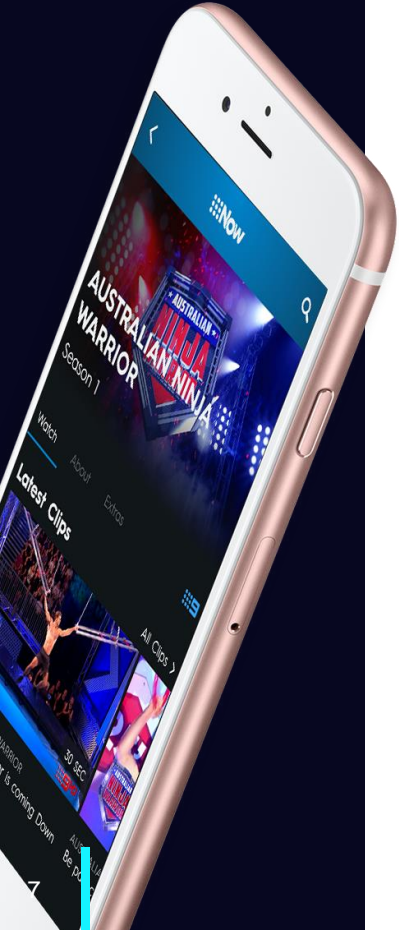


**YOY
SHARE
GROWTH**

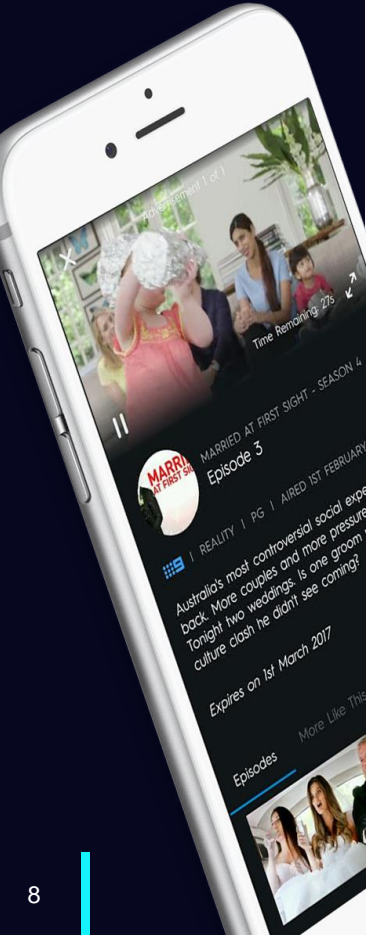


Source: OzTam Consolidated Data. Year on Year growth based on 5 city Metro, 6pm-midnight, 25-54s, primary channel, survey weeks 7-17 excl. Easter

TARGETING: VIDEO ADVERTISING MARKET



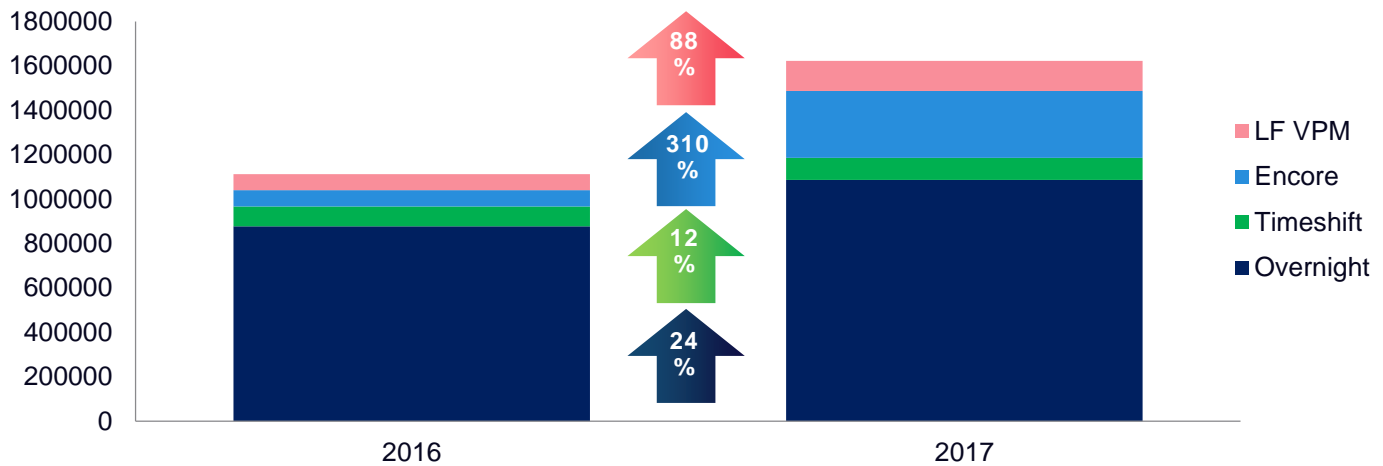
~\$6B VIDEO ADVERTISING



STREAMING: ANYWHERE, ANYTIME

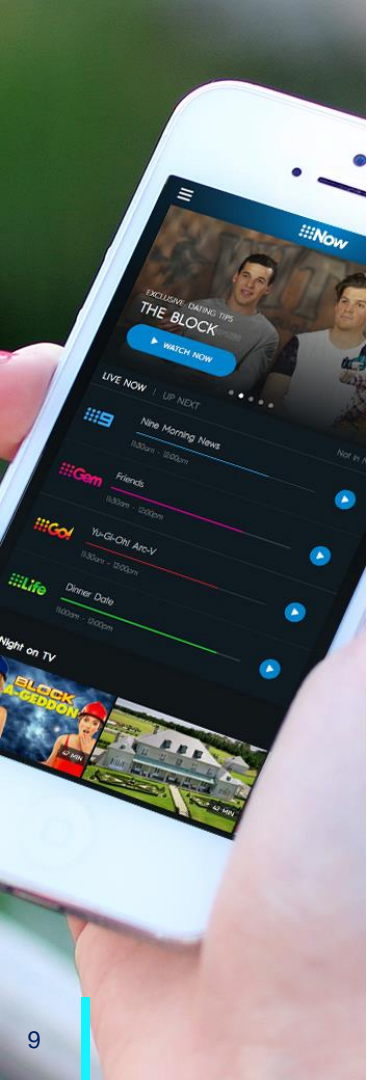
- *Married at First Sight* highlights value of strong local franchises
- Total average audience growth of 46% with streamed viewing representing 8% of total viewership
- ALL of the top 20 shows by VPM are episodes of *Married At First Sight* in 2017 to date

Married At First Sight - audience distribution

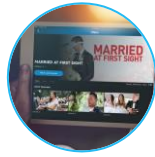


+119%
LONG FORM STREAM
STARTS

+14%
AV STREAMED MINUTES
WATCHED



9NOW: A GROWING BUSINESS



All of Nine's content available on 9Now (ex NRL)

Single user sign on



Available on all major devices (ex Samsung)

Playback improved



Focus on improving ad experience



Focus on user engagement and content consumption

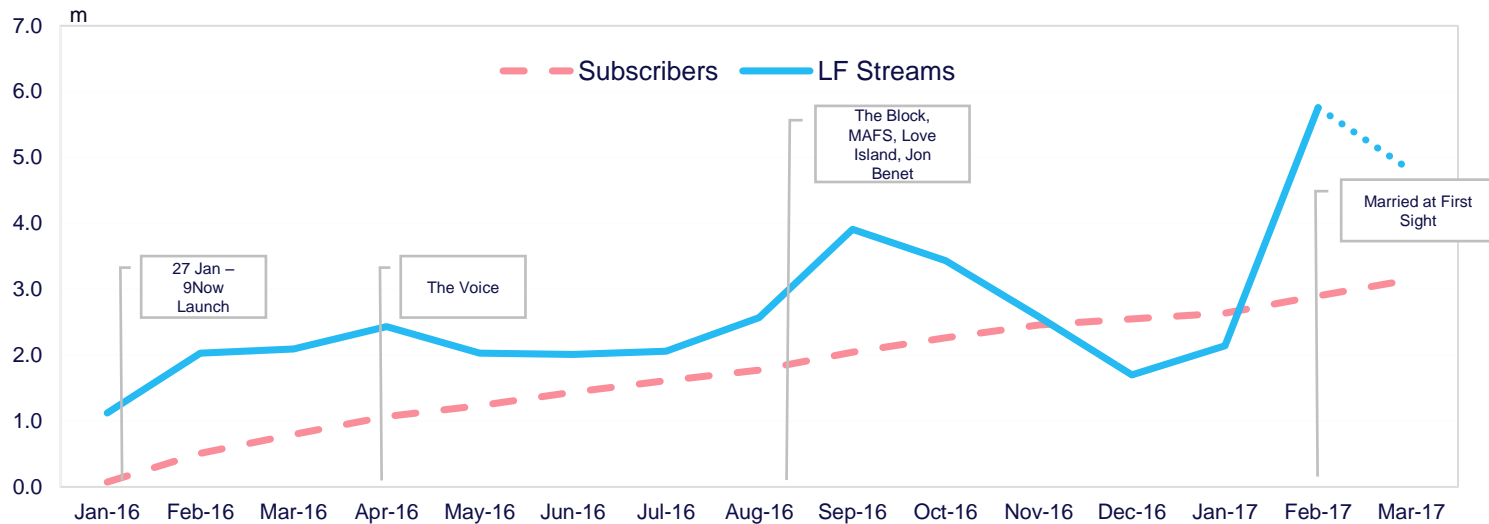


Targeted content / advertising

APRIL 2016

MAY 2017

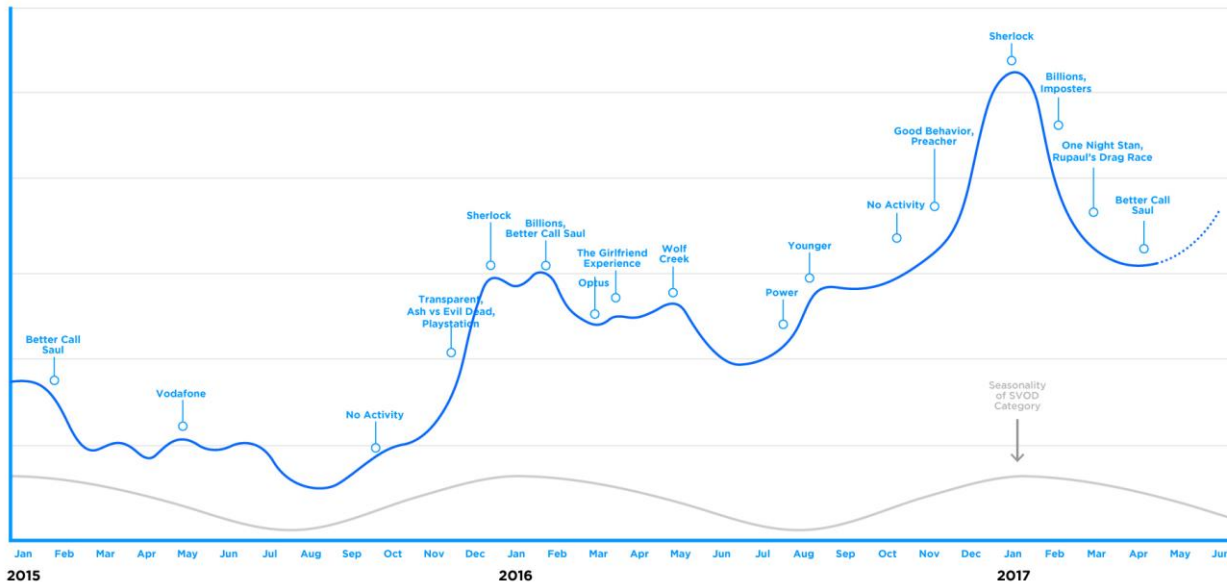
DECEMBER 2017



Stan.

LEADING LOCAL PLAYER IN SVOD MARKET

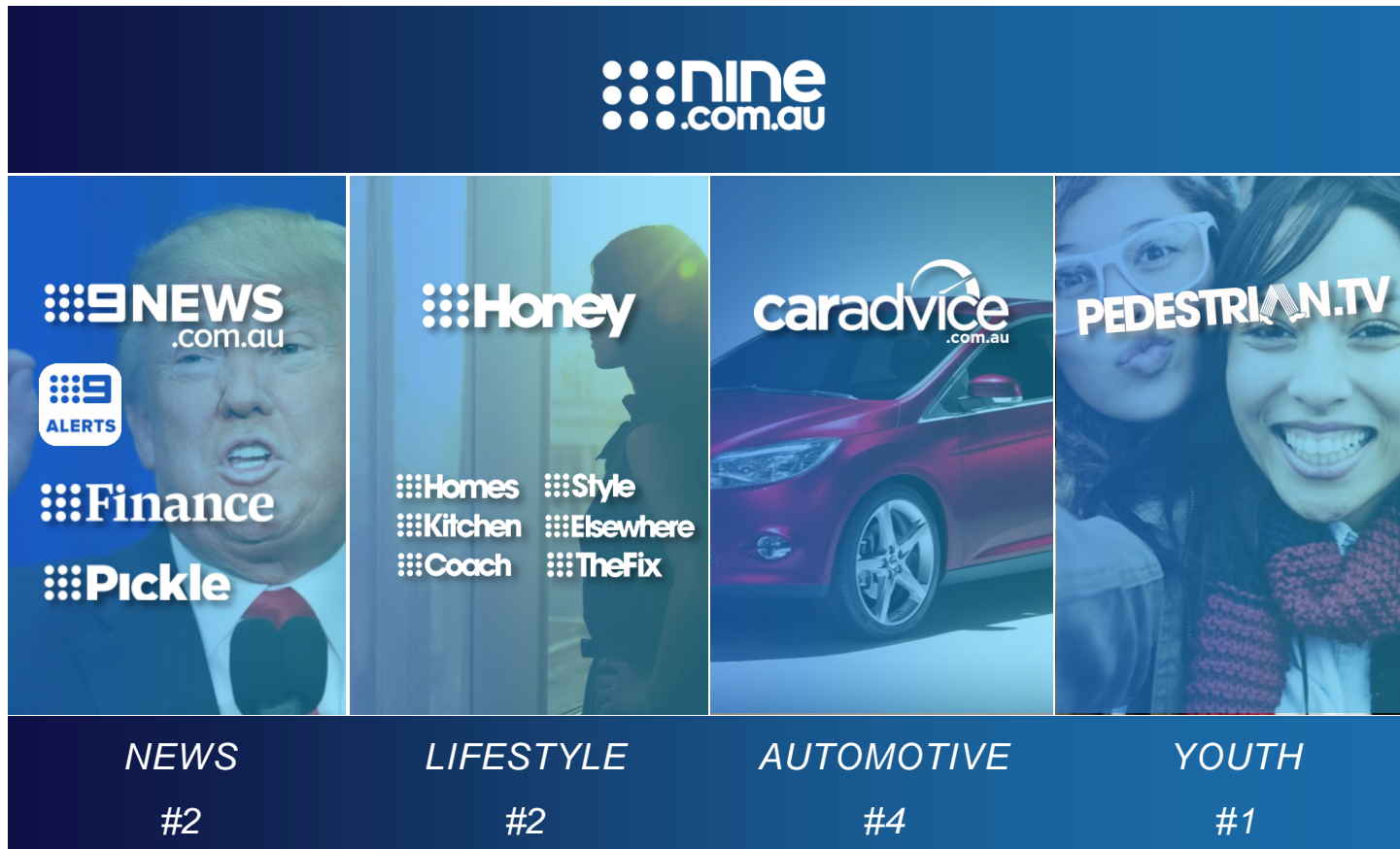
- Strong growth trajectory with more than 700,000 active subscribers
- January 2017 a record 135,000 gross adds
- Market penetration of c20% of US 54%¹ and UK 31%²
- Exceptionally strong slate for CY17 including *Twin Peaks*, one of the most anticipated shows of the year



BILLIONS

¹ Source: Q3 2016 Nielsen data; ² Source: Q4 2016 BARB Establishment survey

Focus on content pillars of News, Women's Lifestyle, Automotive and Youth



¹ Source: Ranked by Unique Audience from Nielsen Digital Ratings Monthly, February 2017



TRADING UPDATE

- Q4 FTA market revenue expected to be at least flat
- Metro FTA market to be down in the low single digits for FY17
- Strong start to Season 2017, with momentum expected to continue through the year
- Second half FTA revenue share expected to grow relative to pcp and H1FY17
- FY17 Free To Air costs expected to be down c1.5% on FY16
- Digital focus in H2 to more effective monetisation of content
- FY17 Group EBITDA to fall within current analysts' range for FY17 of \$158m to \$187m (average of \$175m)



KEY ACHIEVEMENTS



**STEADYING
FTA MARKET**



**IMPROVED
RATINGS SHARE**



**BROADENING
REVENUE BASE**



**INNOVATIVE
SALES APPROACH**



COSTS



**CONTENT
MONETISATION**



STRATEGIC PRIORITIES

RATINGS MOMENTUM

- Continued focus on Australian content, and performance in core demographics
- Strong H2 CY17 schedule, and absence of Olympics underpins back-half performance

FIRM COST DISCIPLINE

- Group-wide cost focus across all business units
- \$50m cost reduction target through FY18 and FY19
- Opportunities for industry cost savings

MONETISATION OF 9NOW

- Strong growth in 9Now registered users and streams, yet to translate revenue
- Upgrading of ad insertion technology
- Refocus of digital sales team

STAN

- Expecting to reach cash flow break-even during H2 FY18
- Fixed cost structure means significant leverage to incremental subscribers

STRENGTHENING BALANCE SHEET

- Debt expected to peak in H2 FY17 before declining in FY18
- \$111m Willoughby proceeds September 2017

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Television content production and distribution

The logo for the number nine, featuring a 3x3 grid of nine blue spheres to the left of the word "Nine" in a blue, sans-serif font.

Nine