

FY17 RESULTS BRIEFING

24 AUGUST 2017



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This document contains certain forward looking statements and comments about future events, including NEC’s expectations about the performance of its businesses.

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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.

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 otherwise stated.

GROUP EBITDA
\$206M ↑2%

GROUP COSTS
↓1% ^

**FULL YEAR
DIVIDEND**
9.5CPS FULLY
FRANKED

KEY FINANCIALS

Results for FY17
Pre Specific Items, FY16 Pro Forma

FTA EBITDA
\$188M ↑3%

DIGITAL EBITDA
\$29M ↑11%

**NET DEBT
EBITDA**
OF 1.1X

^ ex licence fee benefit of \$33m

OPERATIONAL
HIGHLIGHTS



FTA RATINGS & REVENUE
SHARE MOMENTUM



4M+ REGISTERED USERS ON
9NOW, REPORTING 37%
REVENUE GROWTH



CONSISTENT GROWTH IN
STAN, NOW APPROACHING
800K ACTIVE SUBS



LAUNCH OF 9HONEY,
AUSTRALIA'S LEADING
WOMEN'S NETWORK



ROLL-OUT OF
INNOVATIVE SALES
APPROACH



TIGHT COST CONTROLS
AUGMENTED BY LICENCE FEE
RELIEF

MOMENTUM BUILDING FROM Q2

GROUP REVENUE DOWN 3%

- FTA market soft across the year
- Olympics impacted ad market and share
- Nine's share momentum improving
- NPAT (pre-Specific Items) of \$124m
- EPS up 4% (pre-Specific Items)
- DPS of 9.5 cents, fully franked

GROUP COSTS DOWN 1% OR 5% INCL. LICENCE FEES

- FTA costs down 2%, ex licence fees
- Reported FTA costs down 6%

\$M	FY17	FY16	VARIANCE
REVENUE	1,237.8	1,282.4	-3%
GROUP EBITDA	205.6	201.7	+2%
EBIT	170.3	169.5	-
NPAT (CONTINUING BUSINESSES)^{1,2}	123.6	120.3	+3%
STATUTORY NET (LOSS)/PROFIT	(203.4)	324.8	NM
BASIC EARNINGS PER SHARE, BEFORE SPECIFIC ITEMS – CENTS^{1,2}	14.2	13.7	+4%
EARNINGS PER SHARE, STATUTORY - CENTS	(23.4)	36.9	NM
DIVIDEND PER SHARE - CENTS	9.5	12.0	-21%

Refer to glossary in Appendix 5 for definitions. Totals may not add due to rounding. ¹ Before Specific Items, ² Pro Forma, excluding Nine Live

IMPROVEMENT ACROSS THE BOARD

TELEVISION

- Revenue down 4%
 - Metro FTA market down 3.7%, Regional down 2.8%
 - 35.7% share of metro FTA market (35% H1 and 36.4% H2)
- Costs down 2%
 - Licence fee relief \$32.8m
 - Incl. licence fees, costs down 6%

DIGITAL

- 7% H2 revenue growth driven primarily by video
- Further margin improvement with focus on more profitable business

CORPORATE

- Increased costs due to higher employee costs
- Incl. SXL dividend of \$2.7m

CONTINUING BUSINESSES, \$M		FY17	FY16	VARIANCE
REVENUE	TELEVISION	1,080.4	1,130.0	-4%
	DIGITAL	154.7	149.9	+3%
	CORPORATE	2.7	2.5	-
TOTAL REV		1,237.8	1,282.4	-3%
COSTS	TELEVISION	892.1	946.5	-6%
	DIGITAL	125.8	123.9	+2%
	CORPORATE	14.6	12.3	+19%
TOTAL COSTS		1,032.5	1,082.7	-5%
EBITDA	TELEVISION	188.3	183.5	+3%
	DIGITAL	28.9	26.0	+11%
	CORPORATE	(11.9)	(9.8)	-21%
SHARE OF ASSOCIATES¹		0.2	2.1	-90%
GROUP EBITDA		205.6	201.7	+2%

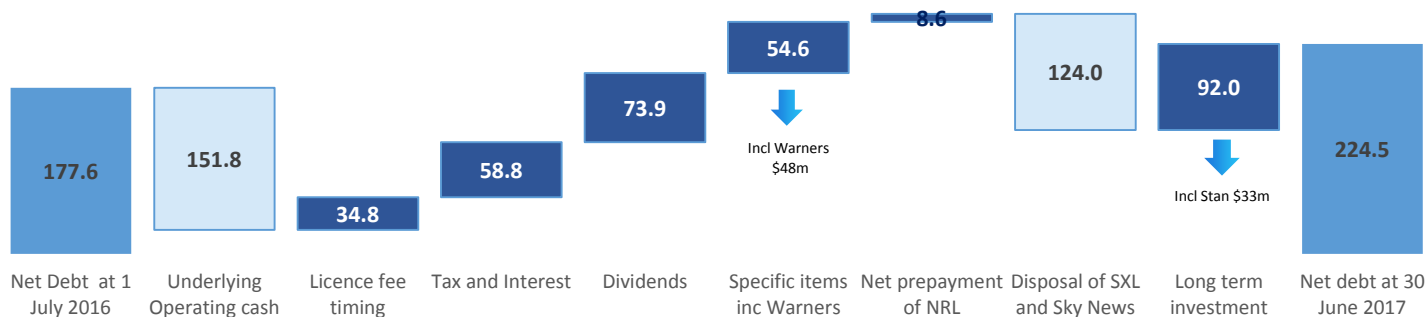
Refer to glossary in Appendix 5 for definitions. Totals may not add due to rounding.



NEARING PEAK OF LOCAL CONTENT RE-BUILD

CONTINUING BUSINESSES, \$M	H1	H2	FY17	FY16 ^{PROFORMA}
EBITDA	119.5	85.9	205.4	199.6
WORKING CAPITAL	(23.8)	(30.2)	(54.0)	(44.7)
LICENCE FEE TIMING	-	(34.8)	(34.8)	-
ASSOCIATES	0.7	0.5	1.2	2.5
OPERATING CASH FLOW, PRE SPECIFIC ITEMS, TAX AND INTEREST	96.4	21.4	117.8	157.4
CASH IMPACT OF WARNER ONEROUS PROVISION	(28.8)	(18.7)	(47.5)	(46.6)
OTHER SPECIFIC ITEMS	(5.9)	(1.2)	(7.1)	(9.7)
CASH PREPAYMENT TO NRL – NET IMPACT	(50.0)	41.4	(8.6)	-
INTEREST & TAX	(44.5)	(14.3)	(58.8)	(51.9)
DISCONTINUED BUSINESSES	-	-	-	1.1
STATUTORY CASH FLOW FROM OPERATING ACTIVITIES	(32.8)	28.6	(4.2)	50.3

NET DEBT – FY2017

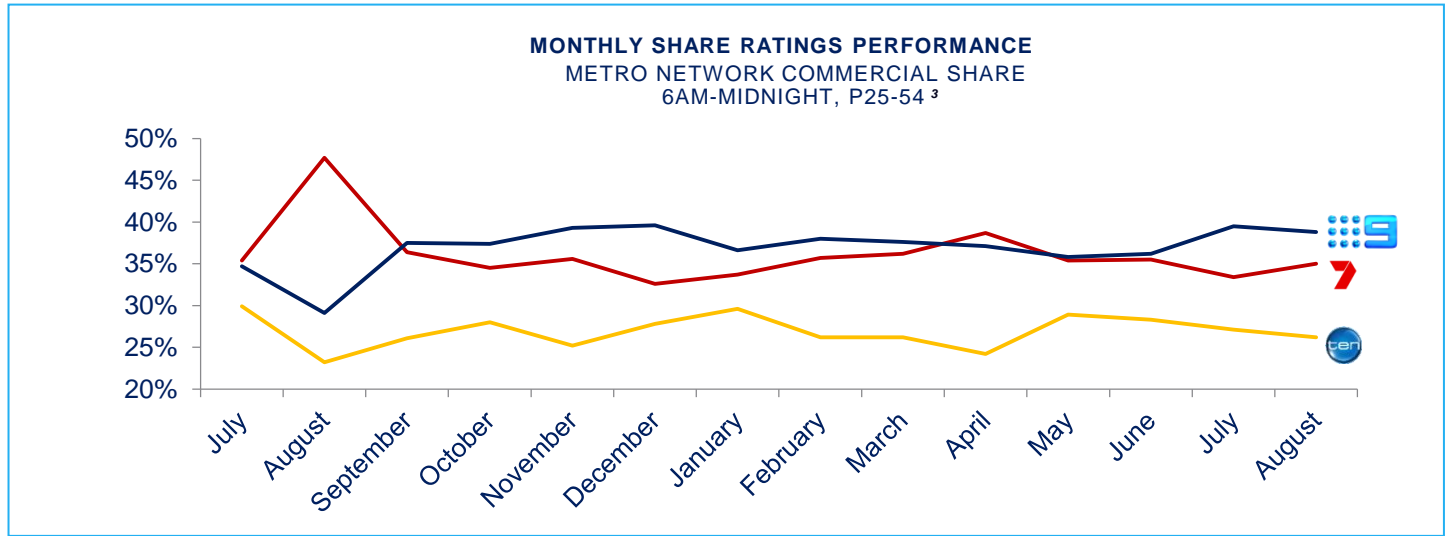


MICHAEL STEPHENSON
CHIEF SALES OFFICER



RATINGS & REVENUE MOMENTUM

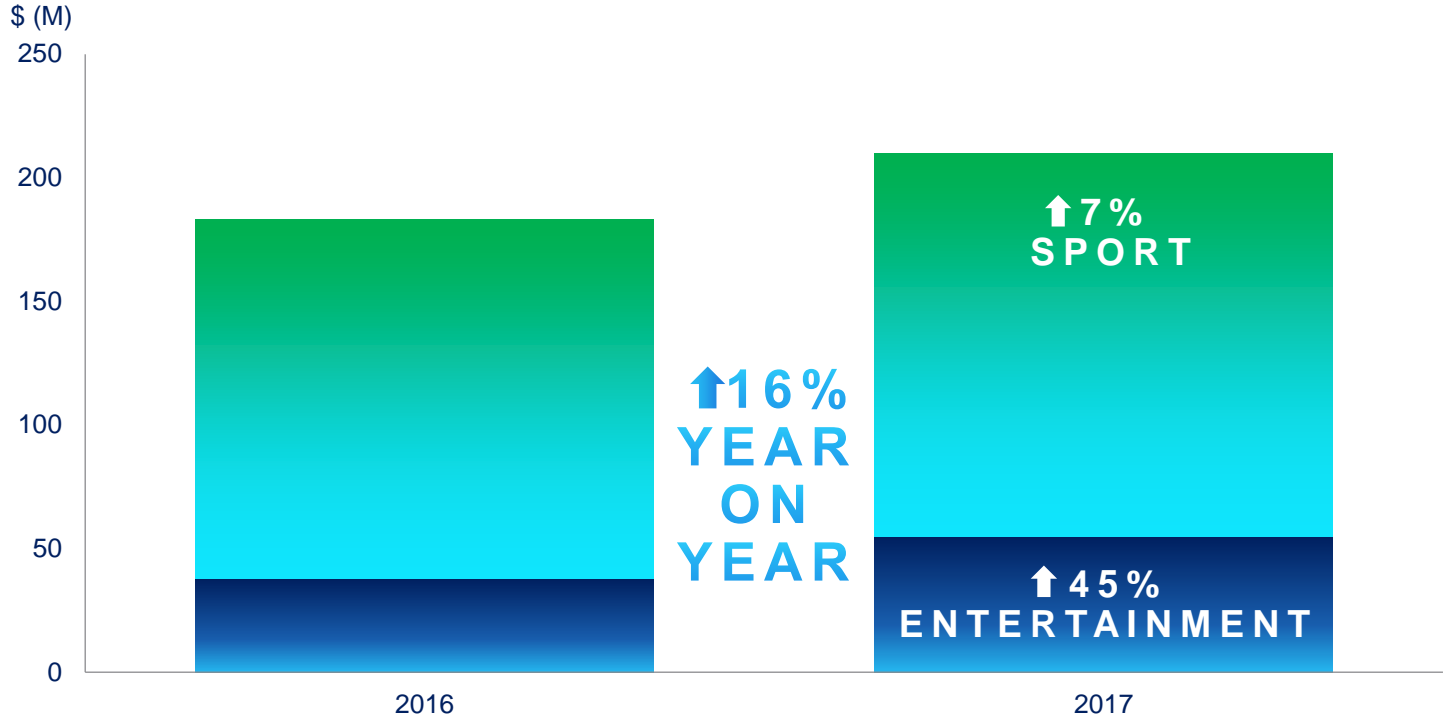
- Number one in every key buying demographic (P25-54, P16-39, GB+CH)¹
- Total television advertising market decline of 2.7%²
- FTA Metro advertising revenue share² of 35.7%. Q4 share of >38%
- AVOD market growing at 37% as content is distributed via multiple channels
- Premium revenue up 16%, as local content creates unprecedented demand for integration opportunities
- 9Galaxy has improved inventory utilisation delivering greater returns for advertisers



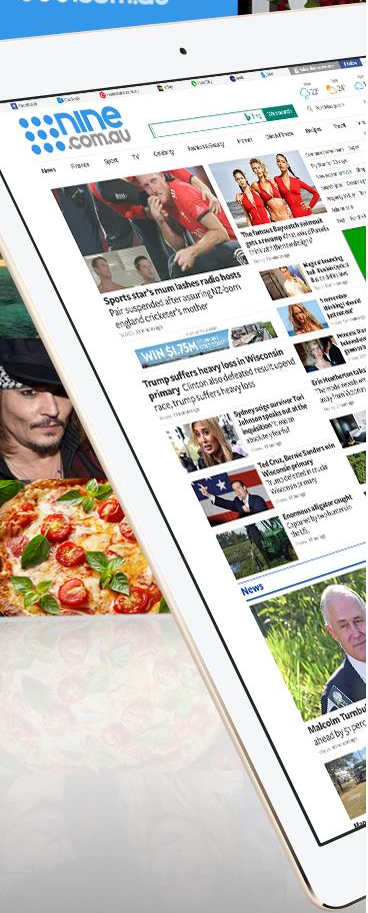
¹ OzTam Ratings, 1 July – 30 June, 06:00 – MN, ex Olympic weeks ² KPMG data, 12 months to June 2017.

³ Network metro shares, Consolidated, 6am-midnight, people 25-54. 1 July 2016 – 19 August 2017

PREMIUM INTEGRATED PARTNERSHIPS DRIVING REVENUE GROWTH



ALEX PARSONS
CHIEF DIGITAL OFFICER



NINE DIGITAL

- Gross revenue growth
- Continued cost control
- Consumer product development focussed on content genres of News, Sport, Entertainment and Lifestyle
- Over 4m registered users for 9Now
- Strong growth in video streams and revenue

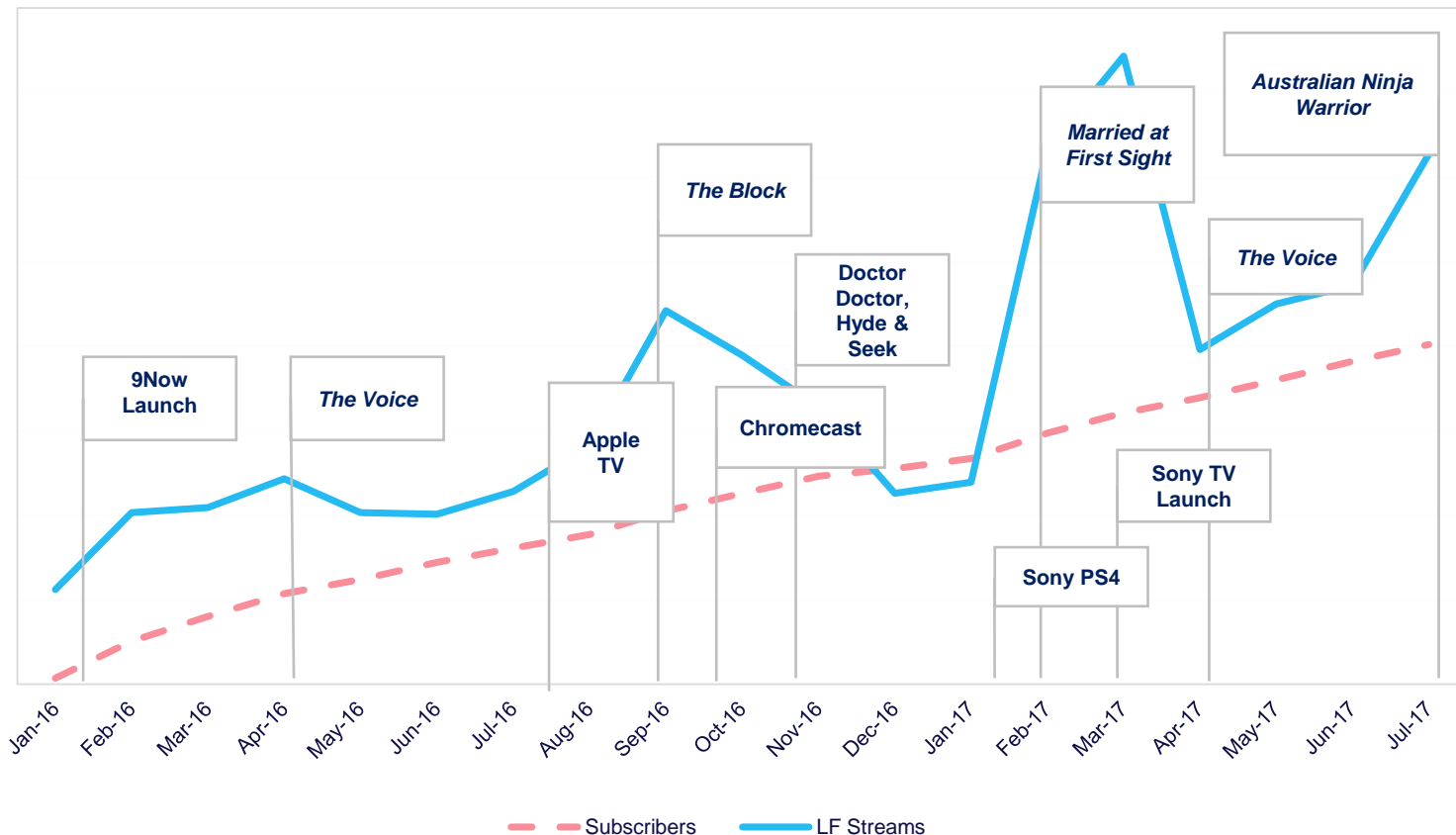
Total Gross Revenue	↑	3%
EBITDA	↑	11%
Long Form Video Streams	↑	114%
Nine Data	↑	4M

LONG FORM
STREAMS

+114% YOY

9NOW
REVENUE

+38% YOY



Stan. GROWTH REMAINS ON TRACK

- Maintaining strong growth trajectory, approaching 800,000 active subscribers
- Introduction of tiers and price increase → positive ARPU impact, with limited churn offset
- Positive net sub adds every week through price increase
- Strong content line-up for FY18 including *Wolf Creek 2*, *Romper Stomper*, *Billions* and *Better Call Saul*

ACTIVE SUBS
~800K
+50%

SUBSCRIPTION REVENUE
+150%
FY16 > FY17

OPERATING COSTS
+25%
FY16 > FY17





CURRENT TRADING

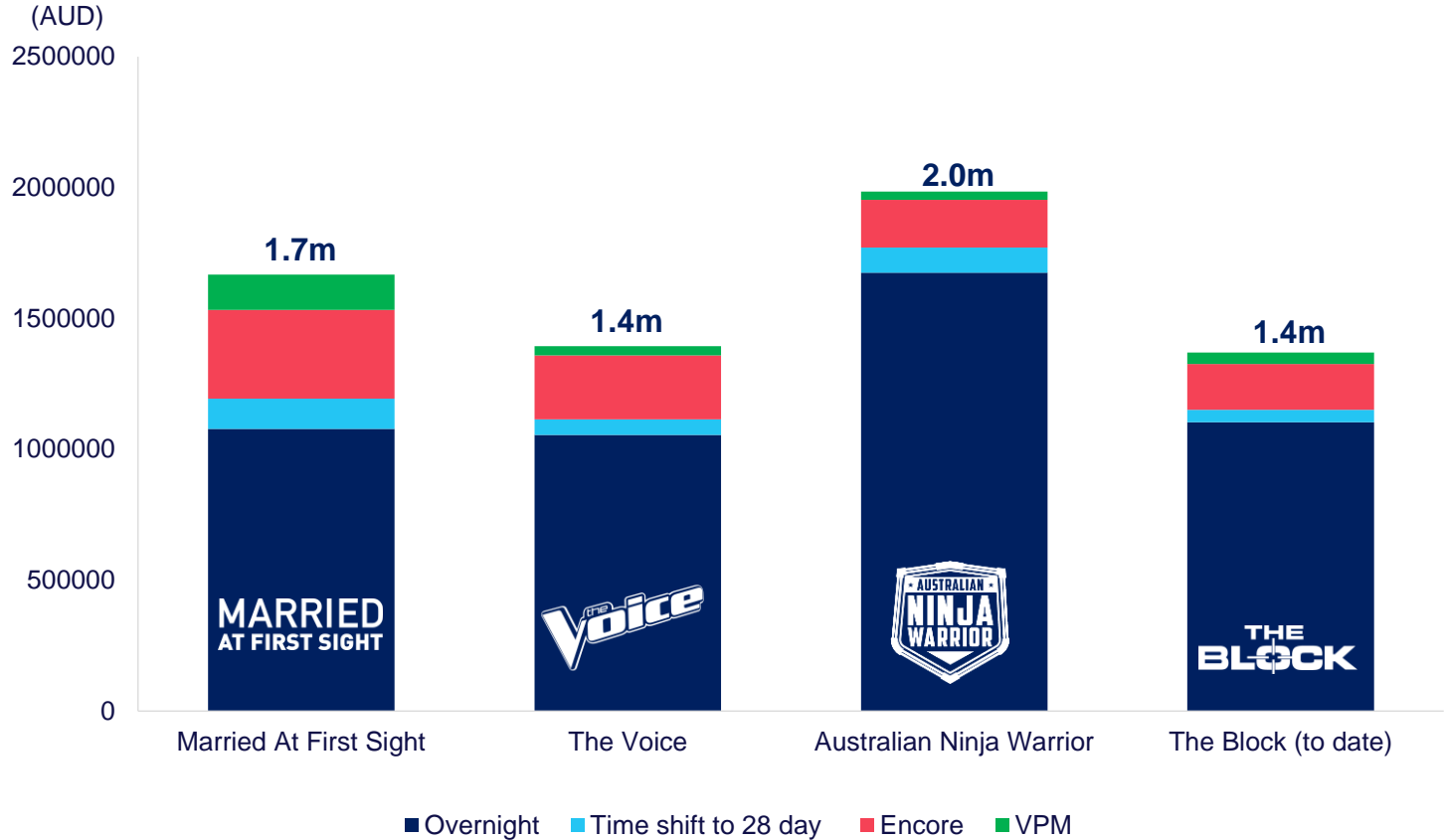
- TV revenues are trending to +15% growth for the September quarter
- Digital revenues are pacing around 8% ahead for the same period.

OUTLOOK FOR FY18

TELEVISION	<ul style="list-style-type: none"> • Metro FTA market down 1-2% in FY18 • Nine's share of at least 37.5% • Broadly flat costs, ex spectrum fees
DIGITAL	<ul style="list-style-type: none"> • Growth in 9Now and Digital Publishing to offset lower contribution from Display and Search
GROUP EBITDA	<ul style="list-style-type: none"> • Upper end of analysts' forecasts of \$186m to \$207m (average \$198m), inclusive of spectrum fees
DIVIDEND	<ul style="list-style-type: none"> • Expected ~9.5c per share



PREMIUM AUDIENCE - ANYTIME, ANYWHERE



Refer to glossary in Appendix 5 for definitions.

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

APPENDICES

APPENDIX 1: SPECIFIC ITEMS

\$M	REPORTED H1 FY17	REPORTED H2 FY17	REPORTED FY17
NET IMPAIRMENT CHARGE NON-CURRENT ASSETS	(260.0)	-	(260.0)
CLOSE OUT OF WARNERS CONTRACT (NPV)	(84.9)	(0.8)	(85.7)
RESTRUCTURING COSTS	(3.9)	(3.3)	(7.2)
WITHHOLDING TAX PROVISION RELEASE	10.7	-	10.7
DERIVATIVE REVALUATION	-	(9.5)	(9.5)
OTHER	(0.4)	(3.5)	(3.9)
TOTAL SPECIFIC ITEMS BEFORE TAX	(338.5)	(17.1)	(355.6)
TOTAL TAX RELATING TO SPECIFIC ITEMS	26.6	(1.9)	28.5
NET SPECIFIC ITEMS AFTER TAX	(311.9)	(15.2)	(327.1)

APPENDIX 2: NRL CONTRACTED COSTS

\$M	FY17	FY18	FY19	FY20	FY21	FY22	FY23
SEASONS 2013-2017							
CASH COSTS	(50.3)	(6.0)					
P & L COSTS	(91.6)	(47.3)					
FOXTEL SIMULCAST REVENUE	20.0	9.0					
SEASONS 2018-2022							
CASH COSTS	(50.0)	(63.8)	(96.3)	(111.2)	(107.5)	(116.2)	(30.0)
P & L COSTS		(47.5)	(102.5)	(117.5)	(120.0)	(122.5)	(65.0)

☐☐☐Nine APPENDIX 3: ADJUSTMENT FOR DISCONTINUED BUSINESS

\$M	REPORTED FY17	REPORTED FY16	LESS DISCONTINUED BUSINESSES	CONTINUING BUSINESS ¹ FY16	CONTINUING BUSINESS ¹ VARIANCE
REVENUE	1,237.8	1,339.5	57.1	1,282.4	-3%
GROUP EBITDA	205.6	209.4	7.7	201.7	+2%
NET INTEREST ¹	(5.6)	(5.2)	(2.2)	(2.9)	+93%
TAX	(41.1)	(47.3)	(1.0)	(46.3)	+11%
NPAT, BEFORE SPECIFIC ITEMS	123.6	121.9	1.6	120.3	+3%

\$M	ACTUAL 30 JUN 2017	ACTUAL 31 DEC 2016	ACTUAL 30 JUN 2016
INTEREST BEARING LOANS AND BORROWINGS	291.2	300.8	220.5
LESS: CASH AND CASH EQUIVALENTS	66.7	123.3	42.9
NET DEBT/(CASH)	224.5	177.5	177.6
NET LEVERAGE	1.1X	0.9X	0.8X

ARPU – Average Revenue Per User

Continuing Businesses – Excludes the operations of Nine Live

Contra – Advertising time offered in lieu of cash payment

Discontinued business – Nine Live

EBITDA – Earnings before interest, tax, depreciation and amortisation from Continuing Businesses, before Specific Items

Encore – Any broadcast on any Nine channel, post the initial run

FTA – Free-to-air

FY – Full year

Group EBITDA – EBITDA plus share of Associates' net profit

H1 – 6 months to December

LF – Long form

Metro – Sydney, Melbourne, Brisbane, Adelaide and Perth

Net Cash – Cash less interest bearing loans and borrowings

Net Debt – Gross debt per the balance sheet less available cash

Net Leverage – Net Debt divided by Group EBITDA (last 12 months)

NM – Not meaningful

Net Profit after Tax (NPAT) – Net profit after tax, before Specific Items

Network – Combination of Channels 9, 9Go!, 9Gem and 9Life

Operating Cash Flow – EBITDA adjusted for changes in working capital and other non-cash items plus dividends received from Associates. Excludes cash relating to the Specific Items and the cash impact of stock provisions and the NRL prepayment

Premium Revenue – premium revenue includes branded content, product and brand integration, the use of IP, talent and social, primarily linked to key entertainment franchises and sport

Pro Forma – Adjusted to reflect the impact of the sale of Nine Live, as if this had been effective for the whole reporting period and assuming the new capital structure in place for the full period

Revenue – Operating revenue from continuing businesses, excluding interest income and Specific Items, and after the elimination of inter-segment revenue

SF – Short form

Specific Items – Amounts as set out in Notes 3(iv), 3(v) and 6(a)(i) of the 30 June 2017 Statutory Accounts

Statutory Accounts – Audited or auditor reviewed, consolidated financial statements

Statutory Net (Loss)/Profit – Net (Loss)/Profit for the period before other comprehensive income/loss

Statutory Reported – Extracted from the Statutory Accounts

SVOD – Subscription Video On Demand

VPM – Video Player Measurement. Captures minute by minute data relating to online TV content played on demand or live streamed

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