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Full Year Results Briefing

27 August 2015

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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.

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

FY15 result in line with guidance



- Group EBITDA of \$287m consistent with guidance of \$285m - \$290m
- Profit After Tax of \$140m, pre Specific Items
- Reported NPAT impacted by \$732m net Specific Item, predominately non-cash
- FTA Revenue impacted by soft advertising environment, offset by slightly higher share
- Digital transition and integration continuing
- Operating Free Cash Flow conversion of 103%
- Lower interest costs following June 2014 debt refinancing
- Final dividend of 5.0 cents per share, fully franked, totalling 9.2 cents per share for the year
- Lower net debt, despite \$62m cash deployed for the on-market share buy-back

| \$m | Reported FY15 | Pro Forma FY14 ¹ | Variance |
|---|----------------------------|--------------------------------|----------|
| Revenue | 1,610.1 | 1,569.9 | +2.6% |
| Group EBITDA | 287.3 | 311.0 | -7.6% |
| NPAT, before Specific Items | 140.1 | 144.2 | -2.9% |
| Specific Items, after Tax | (732.2) | (80.5) | nm |
| Reported NPAT | (592.2) | 63.7 | nm |
| Operating Free Cash Flow | 297.3 | 271.9 | +9.4% |
| Operating Free Cash Flow Conversion | 103% | 87% | +16pts |
| Earnings per Share, before Specific Items - cents | 15.0 | 16.4 | -8.5% |
| Dividends per Share - cents | 9.2 | 4.2 | na |
| As at | Reported 30 Jun 2015 | Pro Forma 30 Jun 2014 | Variance |
| Net Debt, \$m | 524.3 | 537.5 | -\$13.2m |
| Net Leverage | 1.8X | 1.7X | +0.1X |
| Interest Cover | 10.8X | 5.7X | +5.1X |

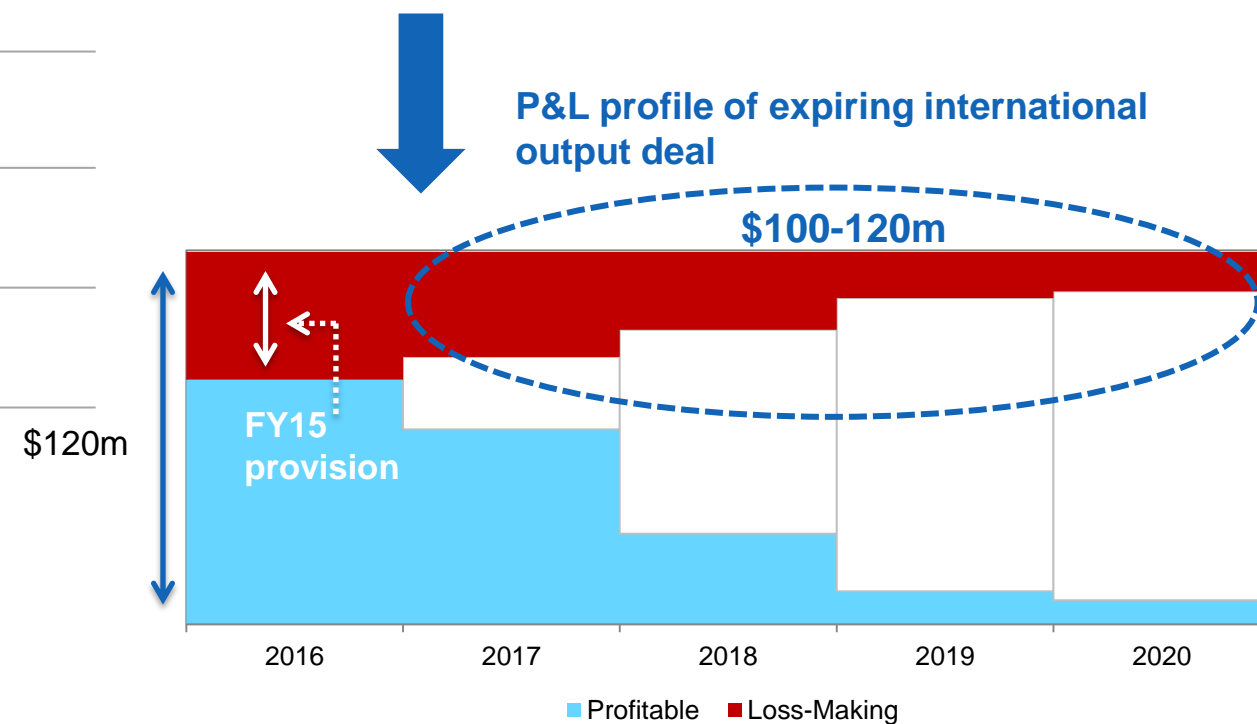


Specific Items

| \$m | Reported FY15 |
|--|------------------|
| Non-cash impairment charge | (791.8) |
| Inventory write-off / onerous contract provision | (57.4) |
| Net other | 1.9 |
| Total Specific Items before tax | (847.3) |
| Tax impact of Specific Items | 14.1 |
| Sale of Nine Live tax impact | 101.0 |
| Net Specific Items after tax | (732.2) |

Primarily the write-down of licence and goodwill values on balance sheet

\$13m one-off contract close-out costs. Balance relates to the provisioning for loss-making inventory under longer term international output deal



Solid result in a challenging ad market

MORNINGS



| Continuing businesses \$m | | Pro Forma FY15 | Adjusted Pro Forma FY14 ¹ | Variance |
|------------------------------|-----------|-------------------|--|----------|
| Revenue | Network | 1,207.9 | 1,221.2 | -1.1% |
| | Digital | 163.4 | 122.7 | +33.2% |
| Total Revenue | | 1,371.4 | 1,343.9 | +2.0% |
| EBITDA | Network | 206.0 | 241.5 | -14.7% |
| | Digital | 21.9 | 15.6 | +40.4% |
| | Corporate | (14.1) | (18.6) | -24.2% |
| EBITDA | | 213.8 | 238.5 | -10.4% |
| Share of Associates' NPAT | | 3.4 | 4.5 | -24.5% |
| Group EBITDA | | 217.2 | 243.0 | -10.6% |

Metro FTA market down 1.5%, share +0.2 pts to 38.9%, Regional market down 3.2%

Double digit growth in both Search and Video revenue, offsetting impact of loss of default traffic from October

TV costs up 0.6%, ex licence fees and Cricket World Cup

Revenue drop through and cost focus. Margin impacted by advertising mix

Corporate costs lower due to reduced incentives

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Ongoing capital management opportunities



| Continuing businesses | Pro Forma FY15 | Adjusted Pro Forma FY14 | Variance |
|-------------------------------------|-------------------|-------------------------------|----------|
| Operating Free Cash Flow, \$m | 237.5 | 192.4 | +45.1 |
| Operating Free Cash Flow Conversion | 109% | 79% | +30pts |
| Capital Expenditure, \$m | (27.2) | (20.5) | -6.7 |

| As at | Pro Forma 30 Jun 2015 |
|---------------|--------------------------|
| Net Cash, \$m | 115.0 |

Objectives

- Maintain an efficient, but conservative capital structure
- Retain balance sheet flexibility
- Operating Free Cash Flow Conversion of 80 - 90% (pre impact of programming-related Specific Items)
- 80 -100% dividend payout ratio, fully franked
- Maximise returns to shareholders

Outcomes and Actions

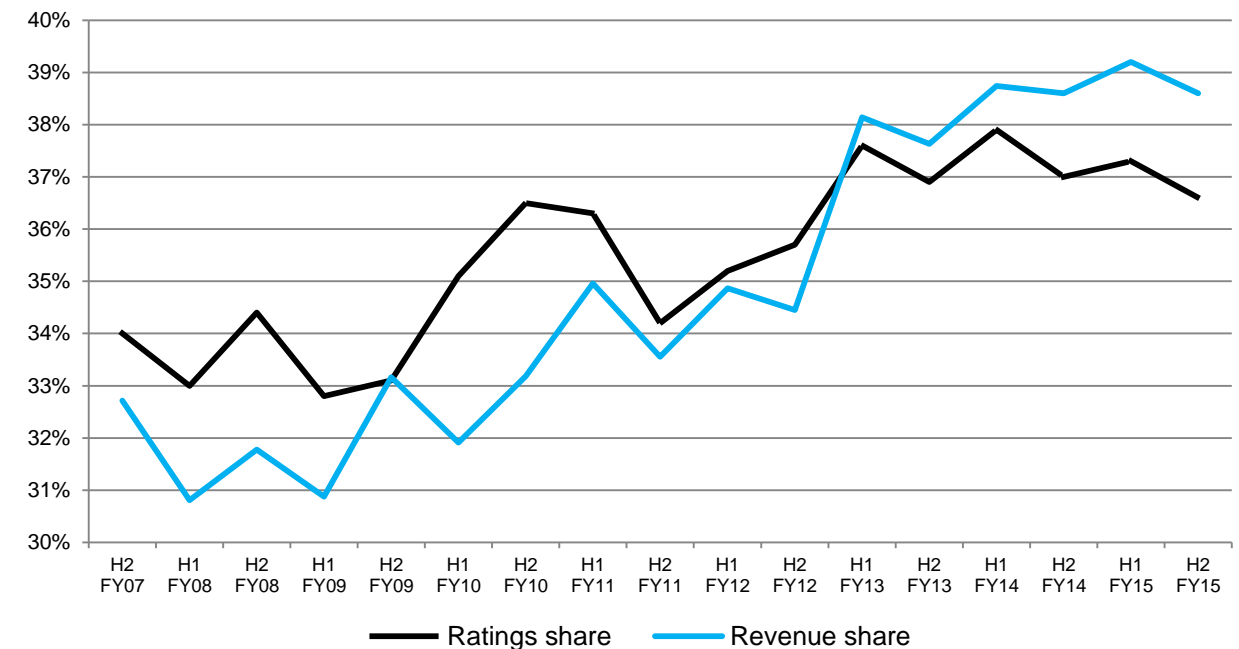
- Final dividend of 5.0 cents per share, fully franked
- Full year dividend 9.2 cents, 61% payout
- \$83m outstanding on-market share buy-back
- Intention to seek shareholder approval to increase on-market buy-back limit to 20% of issued capital
- Willoughby land sale - \$135m net proceeds in August 2017 (not included in \$115m Pro Forma Net Cash)

Group Sales Director
Peter Wiltshire



- FTA Metro market decline of 1.5%¹. Trend improving from 3% H1 decline to 0.2% growth in H2
- FTA Regional market down 3.2%¹ across the year
- Market leadership in all key advertising demographics²
 - #1 25-54
 - #1 16-39
 - #1 18-49
 - #2 All People
- FTA Metro advertising revenue share¹ of 38.9%, up from 38.7% in pcp
- Nine Perth and Nine Adelaide continue to narrow the gap – revenue share¹ outperformance of 2.2 share pts and 0.4 share pts respectively

Nine's Metro Ratings² and Revenue¹ Share



Programming



NEWS
9.com.au

jumpin

News and
Current
Affairs

NEWS

60
MINUTES

A CURRENT
AFFAIR

Today

MORNINGS

INSIDE
STORY

jumpin

Family
Entertainment

the
VOICE

THE
BLOCK

HOUSEHUSBANDS

THE
HOTPLATE

NEW CELEBRITY
APPRENTICE

Australia's
got Talent

Love
Child

THE
FARMER
WANTS A
WIFE

RENO
RUMBLE
R1R

jumpin

Ob Docs,
Factual &
Comedy

MARRIED
AT FIRST
SIGHT

the
BIG BANG
theory

THE
EMBASSY

RBT

KINGS
CROSS **ER**

DAVID ATTENBOROUGH
LIFE STORY

wwos.com.au

jumpin

cricket.com.au

Sport

WIDE WORLD OF
SPORTS

FOOTY
SHOW

THE
FOOTY
SHOW

GRAND
FINAL

HOLDEN
STATE OF
ORIGIN

RUGBY LEAGUE
TEST

RUGBY
WORLD CUP
2015

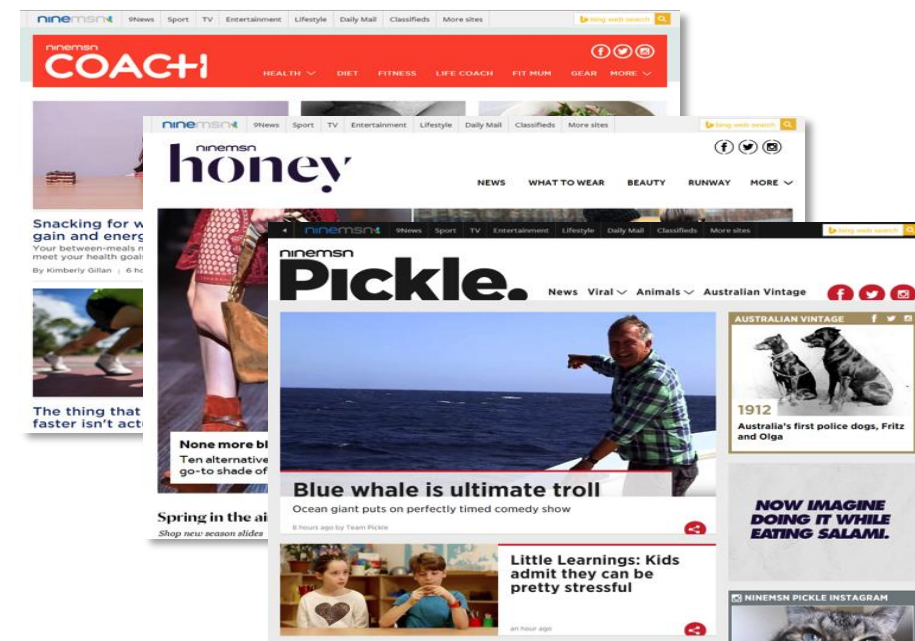
CRICKET
AUSTRALIA

Digital Alex Parsons



A new era – Our digital future

- Surpassed FY15 revenue and earnings forecasts
- Continued transition to focus on seamless content and audience experience rather than delivery medium
- Continued to dominate news - delivering Australia's leading multi medium news brand, 9News
- Launched three new content brands
 - Coach, Honey and Pickle
- Continued to outperform market in all forms of AVOD delivering 345m streams
- Refined partnership model to focus on fewer, more important partners
- Created new opportunities:
 - Acquired stake in Australia's leading youth publisher website Pedestrian.tv
 - Launched APEX – Australia's first premium publisher programmatic exchange



“Traditional rivals unite to take on internet giants”

-The Australian Financial Review



- Market remains very short and volatile – however, July and August (est) have recorded modest growth
- FY16 metro market expected to grow modestly, at best
- Regional markets expected to continue to under-perform
- Ratings performance has improved markedly since July
- Given competitive environment and timing of major events, FY16 share likely to be marginally lower
- Programming costs expected to increase 2% in FY16 (pre the benefit of FY15 Specific Item provisioning), driven by contracted higher costs associated with NRL and cricket
- Non-programming costs expected to be flat
- Solid growth from Digital



- Transformative NRL rights package
- All the Premium games – weekly, Finals and State-of-Origin
- Four Live games per week, in the best time slots – 7.30pm Thursday, Fridays and Saturdays, 4pm Sundays
- Over 270 hours per year of live action, more than double current
- Nine’s games available exclusively on free digital media – any device, anywhere
- Exceptional outcome for supporters, Rugby League and Nine

| 2013-2017 | 2018-2022 |
|--|--|
| \$95m average annual rights cost, incl contra | \$185m^, incl contra |
| 3 games per week (2 Live), exclusive | 4 games per week (all Live), potentially simulcast^ |
| Live game Friday night 7.30pm, delayed telecast Friday night 9.30pm, Live game Sunday 4pm | Live games at 7.30pm Thursday night, Friday night and Saturday night. Live Game Sunday 4pm |
| Incl State of Origin & all finals, exclusively | Incl State of Origin & Grand Final, exclusively plus all other finals, potentially simulcast^ |
| Free-To-Air rights only | Exclusive Free distribution rights over any video media |

Refer to glossary in Appendix 4 for definitions of all capitalised terms. Totals may not add due to rounding.

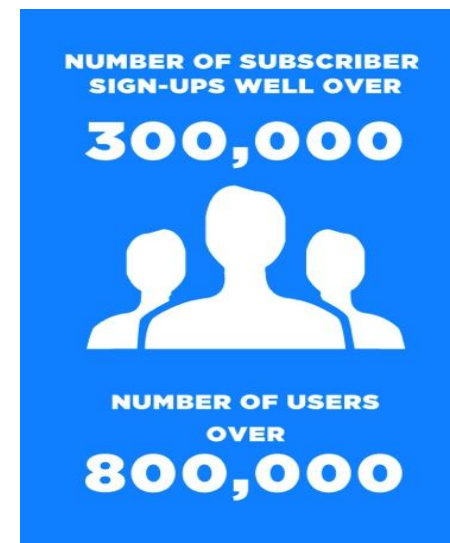
^ simulcast on pay medium will reduce Nine’s rights cost

Stan ahead of business plan

Stan.



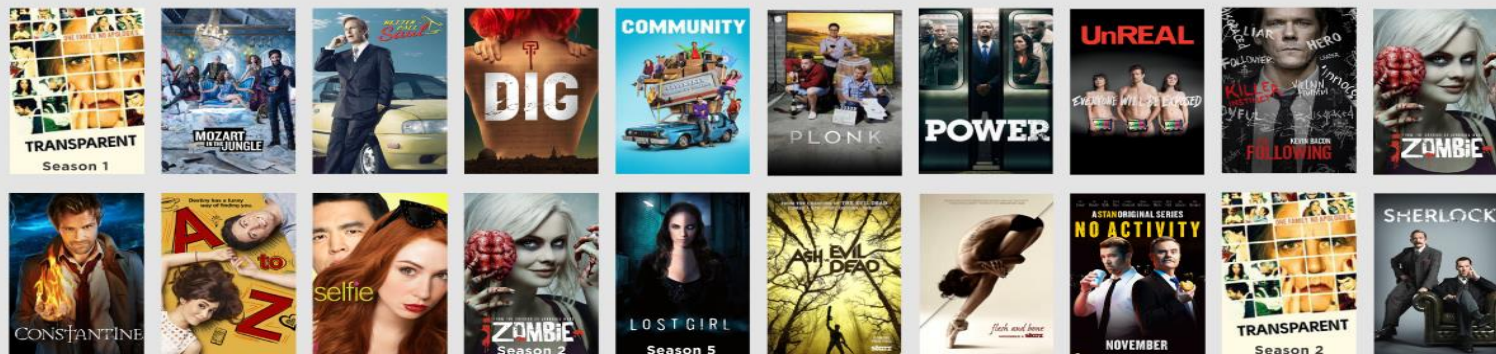
- In excess of 300,000 gross subscribers (households), with over 800,000 users of the service since launch
- More than halfway to target of 300-400,000 active subscribers by December year end
- Premium content – more hours, more exclusives, adding content continually
- Focusing on increasing the availability through devices and distribution partnerships



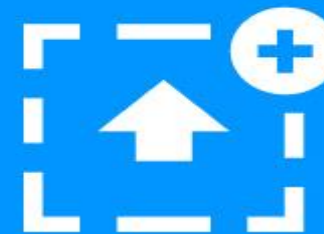
BIGGEST LIBRARY
by hours of content



20 EXCLUSIVE PREMIERES IN 2015



ONLY SVOD SERVICE ADDING CONTENT EVERYDAY



Key strategic initiatives



NEC Group focus

- Distribution of premium video content, both free and via subscription (Stan) across multiple platforms
- Increasing integration of TV and Digital, across both sales and content
- Focus on incremental video content opportunities

Emerging video opportunities

- Maximising performance of existing platforms
 - Daily Mail Australia
 - Pedestrian TV
- Maximising returns from existing content
 - AVOD
 - 9News.com.au
- Other parallel or bolt on businesses

Structural opportunities

- Potential for higher affiliate returns
- Potential for regulatory change to impact on licence fees, reach
- Cost benefit from end of Warner's contract

Capital Management

- Sale of Nine Live results in Pro Forma net cash position
- \$67m of \$150m buy-back completed to date
- Capacity for a further buy-back when completed – intention to seek approval to lift buyback limit to 20% pa
- Lift in payout ratio to 80 - 100% from H1 FY16, fully franked
- Sale of Willoughby site – deposit received, to complete August 2017

A large, curved wall of digital screens displaying various Australian media and entertainment content. The screens are arranged in a grid-like pattern, curving around a central point. The content includes logos for various Australian television networks and streaming services, such as Stan, 9 News, and 9. It also features promotional images for several TV shows, including House of Hancock, The Block, The Experiment, Reno Rumble, Gallipoli, House Husbands, The Footy Show, The Big Bang Theory, CSI, and Love Child. Other visible elements include the Daily Mail Australia logo, the Windows 8 logo, and the Xbox logo. The overall theme is a comprehensive showcase of Australian digital media and entertainment offerings.

Appendices

- Appendix 1: Adjustment for discontinued businesses
- Appendix 2: Divisionals
- Appendix 3: Cash flow
- Appendix 4: Cash flow reconciliation
- Appendix 5: Debt and leverage
- Appendix 6: Glossary

Appendix 1: Adjustment for discontinued businesses



WIDE WORLD OF
SPORTS

| \$m | Reported FY15 | Less discontinued businesses ¹ | Pro Forma FY15 | Reported Pro Forma FY14 | Adjusted Pro Forma FY14 | Pro Forma Variance |
|--|------------------|--|-------------------|-------------------------------|----------------------------|-----------------------|
| Revenue | 1,610.1 | 238.7 | 1,371.4 | 1,569.9 | 1,343.9 | +2.1% |
| Group EBITDA | 287.3 | 70.1 | 217.2 | 311.0 | 243.0 | -10.6% |
| Net Interest ² | (26.6) | 1.7 | (2.7) | (54.3) | (2.8) | -3.6% |
| NPAT, before Specific Items | 140.1 | 28.5 | 129.5 | 144.2 | 150.9 | -14.2% |
| Operating Free Cash Flow | 297.3 | 59.8 | 237.5 | 271.9 | 192.4 | +23.4 |
| Capital Expenditure and Purchased Ticketing Rights | (59.2) | (32.0) | (27.2) | (49.4) | (20.5) | +32.7% |
| Operating Free Cash Flow, after Capital Expenditure and Purchased Ticketing Rights | 238.1 | 27.8 | 210.3 | 222.5 | 171.9 | +22.3% |
| Net (Debt)/Cash | (524.3) | nm | 115.0 | (537.3) | 100.0 | +15.0% |

Appendix 2: Divisionals



| \$m | | FY15 | Pro Forma FY14 ¹ | Variance |
|---|-----------|---------|-----------------------------|----------|
| Revenue | Network | 1,207.9 | 1,221.2 | -1.1% |
| | Digital | 163.4 | 122.7 | +33.2% |
| | Live | 238.7 | 226.0 | +5.6% |
| Total Revenue | | 1,610.1 | 1,569.9 | +2.6% |
| Total Revenue, ex discontinued businesses | | 1,371.4 | 1,343.9 | +2.1% |
| EBITDA | Network | 206.0 | 241.5 | -14.7% |
| | Digital | 21.9 | 15.6 | +40.4% |
| | Corporate | (14.1) | (18.6) | -24.2% |
| | Live | 70.1 | 68.0 | +3.1% |
| EBITDA | | 284.0 | 306.5 | -7.3% |
| EBITDA, ex discontinued businesses | | 213.8 | 238.5 | -10.4% |
| Share of Associates' NPAT | | 3.4 | 4.5 | -24.5% |
| Group EBITDA | | 287.3 | 311.0 | -7.6% |
| Group EBITDA, ex discontinued businesses | | 217.2 | 243.0 | -10.6% |

Appendix 3: Cash flow



| \$m | Reported FY15 | Less discontinued businesses | Pro Forma FY15 | Reported Pro Forma FY14 | Adjusted Pro Forma FY14 | Variance |
|---|------------------|------------------------------------|-------------------|-------------------------------|-------------------------------|--------------|
| EBITDA | 284.0 | 70.1 | 213.8 | 306.5 | 238.5 | -24.7 |
| Change in working capital | 10.0 | (10.4) | 20.4 | (42.0) | (53.5) | +73.9 |
| Distributions from Associates | 3.3 | - | 3.3 | 2.9 | 2.9 | +0.4 |
| Net non cash IPO adjustments | - | - | - | 4.5 | 4.5 | -4.5 |
| Operating Free Cash Flow | 297.3 | 59.8 | 237.5 | 271.9 | 192.4 | +45.1 |
| Capital Expenditure and Purchased Ticketing Rights | (59.2) | (32.0) | (27.2) | (49.4) | (20.5) | -6.7 |
| Operating Free Cash Flow, after Capital Expenditure and Purchased Ticketing Rights | 238.1 | 27.8 | 210.3 | 222.5 | 171.9 | -38.4 |

Appendix 4: Cash flow reconciliation



| \$m | Reported FY15 | Adjust for Discontinued businesses | Pro Forma FY15 | Actual FY14 |
|--|------------------|---------------------------------------|-------------------|----------------|
| Statutory cashflows from operating activities | 246.2 | (46.4) | 199.8 | 189.0 |
| Statutory interest received | (3.8) | 1.7 | (2.2) | (4.6) |
| Statutory interest and other costs of finance paid | 22.6 | - | 22.6 | 69.6 |
| Statutory income tax | 9.5 | - | 9.5 | 22.7 |
| Statutory Free Cash Flow | 274.5 | (44.7) | 229.7 | 276.8 |
| Impact of historical acquisitions | - | - | - | 4.7 |
| Cash held on trust | 15.0 | (15.0) | - | (15.5) |
| Specific items and other adjustments | 7.8 | - | 7.8 | 6.0 |
| Operating Free Cash Flow | 297.3 | (59.8) | 237.5 | 271.9 |

Appendix 5: Debt and leverage calculations

| As at, \$m | Actual 30 Jun 2015 | Pro Forma 30 Jun 2015 | Actual 31 Dec 2014 | Actual 30 Jun 2014 | Actual Jun-Jun Variance |
|--|-----------------------|--------------------------|-----------------------|-----------------------|-------------------------------|
| Interest bearing loans and borrowings ¹ | 575.7 | - | 585.0 | 603.1 | -27.4 |
| Less: Cash and cash equivalents | 179.9 | 132.1 | 241.6 | 219.8 | -39.9 |
| Plus: Cash held on trust | 111.4 | - | 133.6 | 126.5 | -15.1 |
| Plus: Deferred payment related to Mi9 | 17.1 | 17.1 | 13.6 | 27.7 | -10.6 |
| Net Debt/(Cash) | 524.3 | (115.0) | 490.5 | 537.5 | -13.2 |
| Net Leverage | 1.8X | nm | 1.7X | 1.7X | +0.1X |

Appendix 5: Glossary

GALLIPOLI

- Adjusted Pro Forma – Adjusting the Pro Forma FY14 results to exclude Nine Live, and assuming the new capital structure in place for the full period
- Continuing Businesses – Excludes the operations of Nine Live
- Contra – Advertising time offered in lieu of cash payment
- EBITDA – earnings before interest, tax, depreciation and amortisation, before Specific Items
- FTA – free-to-air
- FY – full year
- Group EBITDA – EBITDA plus share of Associates' net profit, before Specific Items
- Interest Cover – Group EBITDA divided by net interest expense for the period
- Metro – Sydney, Melbourne, Brisbane, Adelaide and Perth
- Net Debt – gross debt per the balance sheet less available cash plus deferred purchase consideration on the acquisition of controlled entities, net of related mark-to-market hedge instruments
- 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
- NRL – National Rugby League
- Onerous contract - a contract in which the unavoidable costs resulting from the entity meeting its contractual obligations exceed the economic benefits expected to be received under that contract
- 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 – adjusted on a basis consistent with that reported in the prior period 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
- Purchased Ticketing Rights – the amount paid to venue owners or promoters to secure exclusive ticketing rights (relates to Nine Live only)
- Revenue – operating revenue from continuing businesses, excluding interest income and Specific Items, and after the elimination of inter-segment revenue
- Specific Items – amounts as set out in Notes 3(d) and 5(a) of the FY15 Statutory Accounts
- Statutory Accounts – audited or auditor reviewed, consolidated financial statements
- Statutory Reported – extracted from the Statutory Accounts
- SVOD – Subscription Video On Demand

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entertainment co.

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