



H1 FY18 RESULTS BRIEFING

22 FEBRUARY 2018

HUGH MARKS **CHIEF EXECUTIVE OFFICER**

GREG BARNES **CHIEF FINANCIAL OFFICER**

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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.



HUGH MARKS
CHIEF EXECUTIVE OFFICER



GREG BARNES
CHIEF FINANCIAL OFFICER



MOMENTUM ACROSS ALL ASSETS

**GROUP
REVENUE**
+9%

GROUP EBITDA
+51%
TO \$181M

DPS
5.0 CPS

NET DEBT
\$46M

| \$M | H1 FY18 | H1 FY17 | VARIANCE |
|---|--------------|--------------|-------------|
| REVENUE ¹ | 719.6 | 659.2 | +9% |
| GROUP EBITDA¹ | 181.3 | 119.7 | +51% |
| EBIT ¹ | 163.3 | 101.4 | +61% |
| NPAT¹ | 116.2 | 75.0 | +55% |
| STATUTORY NET PROFIT/(LOSS) | 174.1 | (236.9) | NA |
| BASIC EARNINGS PER SHARE¹ | 13.3 | 8.6 | +55% |
| EARNINGS PER SHARE, STATUTORY - CENTS | 20.0 | (27.3) | - |
| DIVIDEND PER SHARE – CENTS | 5.0 | 4.5 | +11% |

TV RESULTS UNDERPINNED BY STRONG RATINGS

**METRO FTA
MARKET
+1.4%¹**

**NINE'S SHARE
40.0%¹
(+5% PTS)**

**32%
GROWTH IN
PREMIUM REVS**

**FTA COSTS
-1%**

| \$M | | H1 FY18 | H1 FY17 | VARIANCE |
|-------------|--------------------|---------|---------|----------|
| REVENUE | PREMIUM AD REVENUE | 105.2 | 79.8 | +32% |
| | OTHER ² | 531.0 | 498.4 | +7% |
| TOTAL REV | | 636.2 | 578.2 | +10% |
| TOTAL COSTS | | 464.3 | 468.8 | -1% |
| EBITDA | TELEVISION | 171.9 | 109.4 | +57% |



DIGITAL GROWTH DRIVEN BY VIDEO

9NOW STREAMS
+80%

9NOW REVENUE
+86%

DIGITAL PUBLISHING REVENUE
+6%

DIGITAL COSTS
+1%

| \$M | | H1 FY18 | H1 FY17 | VARIANCE |
|--------------|--------------------|---------|---------|----------|
| REVENUE | 9NOW | 18.2 | 9.8 | +86% |
| | DIGITAL PUBLISHING | 65.2 | 61.4 | +6% |
| | OTHER ¹ | 0 | 7.1 | - |
| TOTAL REV | | 83.4 | 78.3 | +7% |
| TOTAL COSTS | | 65.1 | 64.5 | +1% |
| TOTAL EBITDA | | 18.3 | 13.8 | +33% |



MAINTAINING GROWTH TRAJECTORY

ACTIVE SUBS
~930K

**SUBSCRIPTION
REVENUE**
+83%

H1FY18 VS H1FY17

**OPERATING
COSTS**
+29%

H1FY18 VS H1FY17

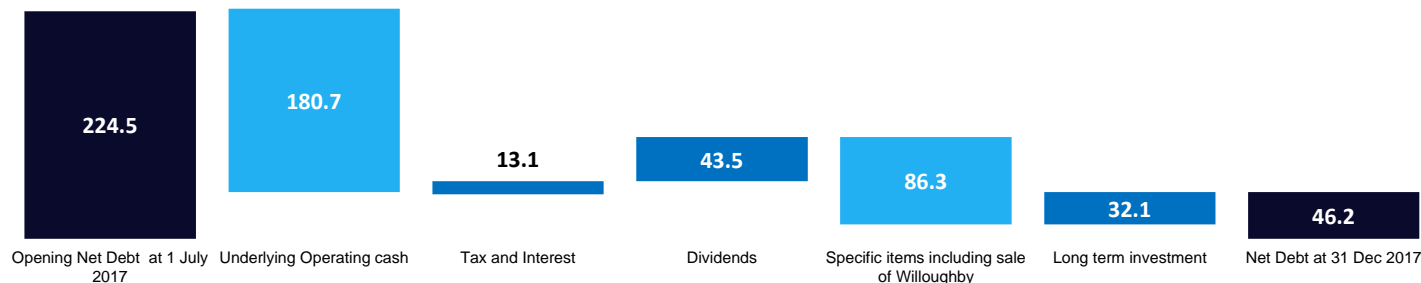
- Approximately 930,000 active subscribers after seasonally strong summer period
- July-August price rise increased the ARPU by more than 30% across the subscriber base
- Clear local leader in market
- Funding to date of ~\$110m – approaching cash flow positive
- Strong content line-up for CY18 including *Romper Stomper*, *Billions*, *Younger*, *Better Call Saul* and *Rise*



STRONG CASH FLOW ON IMPROVED WORKING CAPITAL

| \$M | H1 FY18 | H1 FY17 |
|--|--------------|---------------|
| EBITDA | 180.9 | 119.5 |
| WORKING CAPITAL | (0.7) | (23.8) |
| ASSOCIATES | 0.5 | 0.7 |
| OPERATING CASH FLOW, PRE SPECIFIC ITEMS, TAX AND INTEREST | 180.7 | 96.4 |
| CASH IMPACT OF WARNER ONEROUS PROVISION | (33.0) | (28.8) |
| OTHER SPECIFIC ITEMS | (5.3) | (5.9) |
| CASH PREPAYMENT TO NRL – NET IMPACT | - | (50.0) |
| INTEREST & TAX | (13.1) | (44.5) |
| STATUTORY CASH FLOW FROM OPERATING ACTIVITIES | 129.3 | (32.8) |

NET DEBT – DEC 2017





MICHAEL STEPHENSON
CHIEF REVENUE OFFICER



STRONG RATINGS AND REVENUE MOMENTUM

#1
IN EVERY KEY
BUYING DEMO¹

DEC HALF

#1
FTA AD REV
SHARE +5PTS

40.0%²
DEC HALF

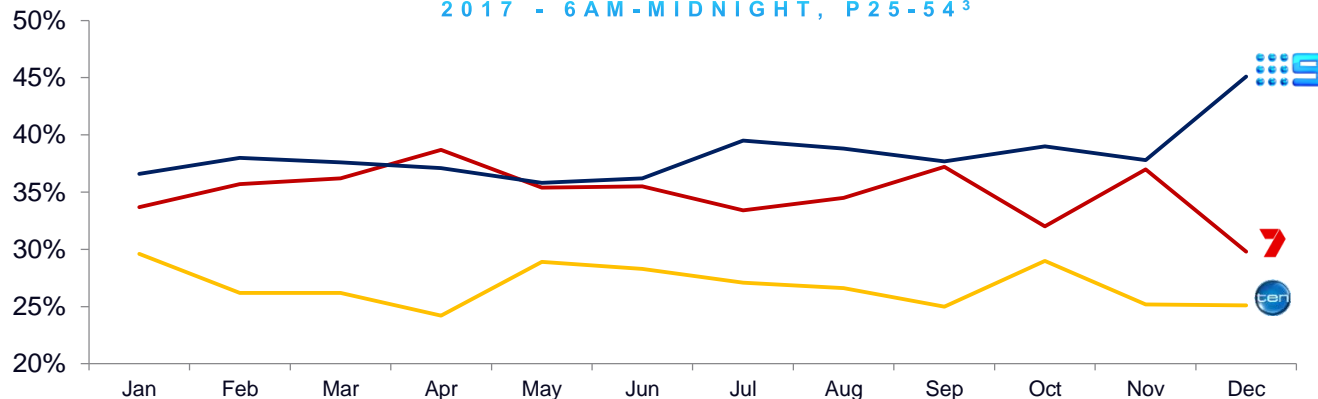
#1
IN EVERY KEY
BUYING DEMO¹

CALENDAR YR 2017

#1
FTA AD REV
SHARE +3PTS

38.3%²
CALENDAR YR 2017

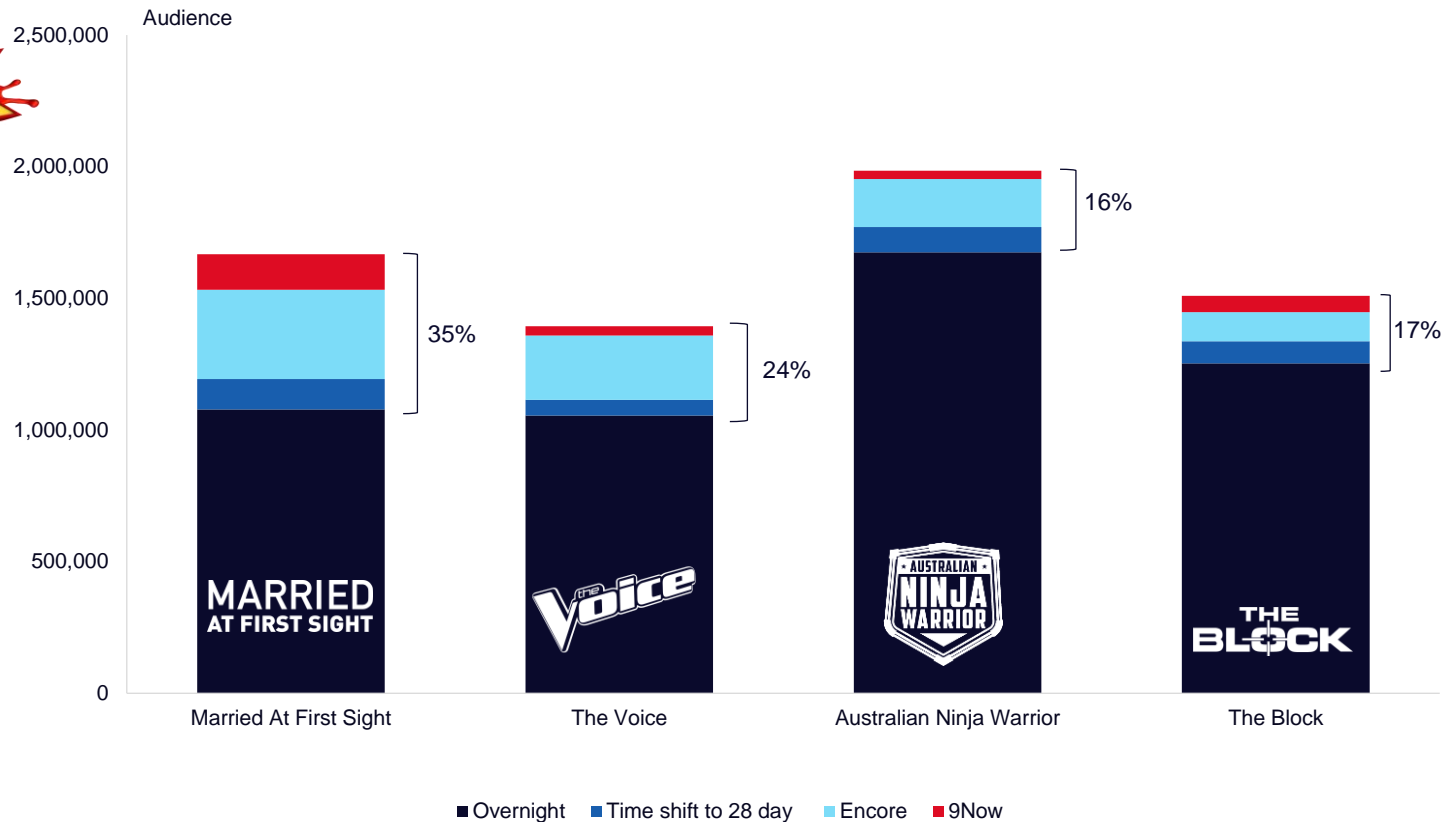
METRO NETWORK COMMERCIAL SHARE
2017 - 6AM-MIDNIGHT, P25-54³



32% GROWTH IN PREMIUM REVENUE



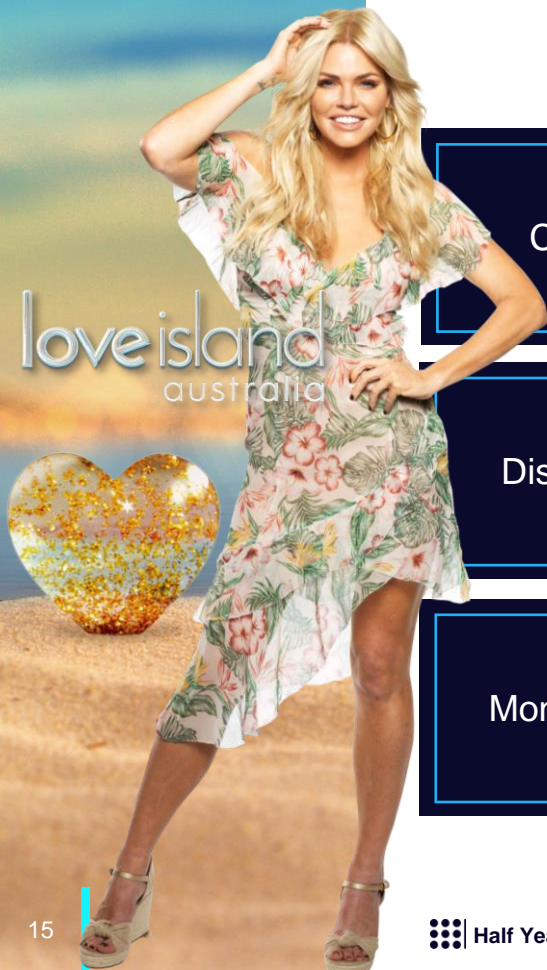
AGGREGATING PREMIUM AUDIENCE¹





HUGH MARKS
CHIEF EXECUTIVE OFFICER

THE WAY WE OPERATE IS CHANGING



Content

Distribution

Monetisation

love island
australia

PREMIUM, LOCAL, ALL RIGHTS, FULLY INTEGRABLE



PREMIUM
CONTENT
PARTNERSHIP



BVOD
REVENUE



INTEGRATED
PARTNERSHIP



YOUTUBE
PARTNER
REVENUE

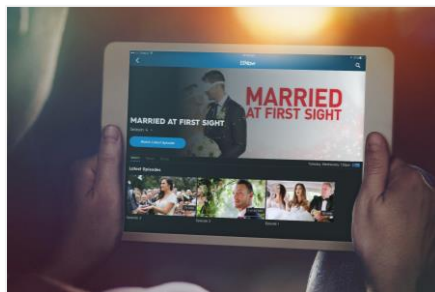


NATIVE
REVENUE



TELEVISION

- Migration to local content
- Increasing rights acquired
- Rebalance of cost base towards premium revenue-generating content
- Continued strong cost disciplines



BVOD NOW

- 5.0m registered users
- 86% revenue growth
- Opportunity to increase engagement further and to monetise data capabilities



SVOD **Stan.**

- ~930k active subscribers
- 83% revenue growth
- Approaching break-even
- Focus on accelerating subscription growth through broadened content demographics, and improved user experience



DIGITAL PUBLISHING

- Aim to efficiently extend and market content beyond Free To Air TV
- Opportunity via short-form video
- Enhanced content and native advertising focus for 9Honey and PedestrianTV



CURRENT TRADING

- NINE'S METRO FTA REVENUES ARE TRADING ~7% AHEAD OF SAME TIME LAST YEAR
- CORE DIGITAL REVENUES¹ ARE PACING ~15% AHEAD FOR THE SAME PERIOD

OUTLOOK FOR FY18

| | |
|--------------|--|
| TELEVISION | <ul style="list-style-type: none"> • Metro market growth of 1-2% for FY18 • Share of at least 38.5% |
| DIGITAL | <ul style="list-style-type: none"> • Growth in 9Now and Digital Publishing to offset lower contribution from Search and display |
| GROUP EBITDA | <ul style="list-style-type: none"> • Between average (\$237m) and upper end (\$261m) of analysts' forecasts |
| DIVIDEND | <ul style="list-style-type: none"> • Est. 10.0 cents per share |
| FY19 | <ul style="list-style-type: none"> • Momentum remains positive with further growth in FTA share, 9Now and Digital Publishing |



CREATE



DISTRIBUTE



ENGAGE

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



PRODUCTION



APPENDICES



APPENDIX 1: SPECIFIC ITEMS

| \$M | REPORTED H1 FY18 |
|--|---------------------|
| PROFIT ON DISPOSAL OF WILLOUGHBY SITE | 78.2 |
| RESTRUCTURING COSTS | (3.2) |
| DERIVATIVE REVALUATION | (12.9) |
| OTHER | - |
| TOTAL SPECIFIC ITEMS BEFORE TAX | 62.1 |
| TOTAL TAX RELATING TO SPECIFIC ITEMS | (4.2) |
| NET SPECIFIC ITEMS AFTER TAX | 57.9 |

| \$M | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 |
|--------------------------|--------|--------|---------|---------|---------|---------|--------|
| SEASONS 2013-2107 | | | | | | | |
| 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) |

APPENDIX 3: DEBT & LEVERAGE CALCULATIONS

| \$M | ACTUAL 31 DEC 2017 | ACTUAL 30 JUN 2017 | ACTUAL 31 DEC 2016 | ACTUAL 30 JUN 2016 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| INTEREST BEARING LOANS AND BORROWINGS | 144.1 | 291.2 | 300.8 | 220.5 |
| LESS: CASH AND CASH EQUIVALENTS | 97.8 | 66.7 | 123.3 | 42.9 |
| NET DEBT/(CASH) | 46.2 | 224.5 | 177.5 | 177.6 |
| NET LEVERAGE | 0.2X | 1.1X | 0.9X | 0.8X |

ARPU – Average Revenue Per User

BVOD – Broadcast Video on Demand

EBITDA – Earnings before interest, tax, depreciation and amortisation, 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

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

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

SF – Short form

Specific Items – Amounts as set out in Note 3(iv) of the 31 December 2017 Statutory Accounts

Statutory Accounts – Audited or auditor reviewed, consolidated financial statements

Statutory Net Profit/(Loss) – Net Profit/(Loss) 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

