2018 ANNUAL GENERAL MEETING
Chairman's Address – Mr Peter Costello, AC
14 November, 2018

In 2018, Nine recorded momentum across all its business units. Growth in Nine's audiences across Free To Air TV, Broadcast Video on Demand (BVOD), Subscription Video on Demand (SVOD), and our broader digital publishing assets translated to Group revenue which was up 6%, and a 25% increase in Group EBITDA for the year. Operating earnings per share of 18 cents marked a post IPO high - it was a good year for us and also for our shareholders.

These strong operational results reflect the success of our strategy – to consolidate the performance of our core free to air business, while investing in and building growth assets, which will ensure Nine is the media company best positioned to take advantage of future opportunities in Australia.

Our unique suite of assets – linear television, BVOD, SVOD and digital publishing – can now offer advertisers the full spectrum of advertising alternatives, from mass market brand-building to truly addressable advertising. It also ensures we can capture the audiences for our content across whatever device they wish to use. The merger with Fairfax will not only add a majority interest in Domain but will also add print and further digital opportunities, as well as a majority interest in Australia's leading radio network, to these offerings.

For too long media companies have overly focused on traditional metrics against traditional competitors and markets. While this will always remain one important metric, we must substantially broaden our focus - to compete in what the media market of the future will look like. And we've done this through our investment in platforms like STAN and 9Now and in sales technology through 9Galaxy. Shareholders are now seeing the benefits of this strategy through increased profitability and cashflow.

Post balance date, in July 2018, Nine approached Fairfax Media with a proposal to merge our two companies.

Both Nine and Fairfax have played an important role in shaping the Australian media landscape over many years. The combination of our businesses and our people will position us to deliver new opportunities and further innovation for our shareholders, staff and customers in the years ahead – effectively accelerating the actions we've been taking over the past few years to build the media business of the future.

As a Company, we are very excited about the prospect of being able to take our combined premium content propositions across television, digital, print and potentially radio in a comprehensive way. As you will be aware, the ACCC has recently cleared the way for the merger to proceed. The Fairfax shareholders will vote on the merger next week and we are confident they will support it. The Boards of both companies recognise the benefit of working together to consolidate our traditional businesses and expedite the growth of our new media assets.

We want to build a media company focused on premium content, distributed across multiple platforms, a significant number of which will be digitally-based.

At this point, I would like to thank my fellow Board members for their commitment this year, particularly these past few months when company-defining decisions have been made. It's been a year of stability with no changes to a Board that retains an enviable mix of skills across media, finance and general business and the ability to move swiftly, and in the interests of all shareholders. I would like to thank my fellow Directors for their ongoing commitment to Nine.

In particular, I want to acknowledge two Directors who will not be continuing in the event the merger proceeds. The first is Janette Kendall who joined us in June 2017, and has been a significant contributor on marketing and digital issues. The other is our longest serving Director, and former CEO, David Gyngell. David has made an outstanding contribution to this company and to the media industry in Australia. He is truly one of the great Australian television executives, and we thank him for his contribution over the years.

In closing, Nine's achievements over this past year could not be achieved without an incredible group of passionate and committed people. I would like to thank all of Nine's employees for their efforts this year. We have markedly improved the performance of the traditional business, while containing costs and we have delivered on our longer term goal of broadening the base of our revenue streams through new and enlarged digital audiences. And of course, most recently, we have embarked on a merger which will require us all to commit and focus on ensuring all of our theories become reality, and that our two great companies become one great media business.

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

2018 ANNUAL GENERAL MEETING
Chief Executive Officer's Address – Mr Hugh Marks
14 November 2018

I might first touch briefly on the specifics of our recent result and then make some broader comments about our business and of course, the proposed merger with Fairfax.

For the year to June 2018, Group EBITDA of $257m was up 25% - pleasingly in line with the guidance we gave during the year. And this growth was achieved despite the $24m combined negative impact of higher spectrum charges and the loss of the contribution from Bing.

Group Net Profit after tax, pre Specific items, was $157m for the year, which was up 27% on FY17. We reported favourable Specific items of $53m after tax, with the primary component being the $77m profit on the sale of our Willoughby site.

So, taking into account these specific items, our result, on a statutory basis, was an after tax profit of $210m.

The Group paid a 5 cent final dividend taking full year dividends to 10 cents per share, which equates to a payout ratio of 55%, pre Specific Items.

Net debt at the end of June was $121m, which is around $100m lower than a year earlier and equated to net debt-to-EBITDA of just 0.5X.

Looking briefly at the reported divisionals – Nine reported TV EBITDA of $238m, up 26% year-on-year. This reflects a Metro TV market that proved to be a little stronger than we had expected, with growth of 2.5% for the 12 months. Nine's share of Metro revenues was 38.6%, up from 35.7% in the comparable period with growth in share recorded in both halves. A very strong result in a period with both Winter Olympics and Commonwealth Games on a competing network.

Within our reported TV revenue growth of 7%, premium revenues grew by 23%, and now represent 15% of total TV revenues. That's revenues where we work with our advertising partners to offer them opportunities above and beyond the traditional spots and dots. This is a key focus of our Television business and one that we will continue to exploit on a cross-platform basis, furthered through the merger with Fairfax.

Reported costs were up 2.5%, but on a like-for-like basis, the cost increase was just 1%.

Nine Digital recorded EBITDA of $34m for the year, up 18%. This is an extremely pleasing result given the loss of nearly $14m of EBITDA related to the discontinued Bing search relationship with Microsoft. Excluding this, Nine Digital's EBITDA more than doubled.

The growth in digital reflects our focus on video and, in particular, the performance of 9Now. During the period, 9Now grew its registered user-base to 6.5m users (in fact now more than 7m users), streams increased in the period by 93%, while revenues grew by almost 90%. Profits more than tripled to around $19m. And this momentum has continued into FY19, boosted further by the opportunity of addressable advertising that we have offered to our advertisers from August this year.

Although not yet reflected in our results, Stan is an increasingly important part of our business and during the year, it signed its one millionth subscriber, an impressive achievement in a new category in just three years. I can't think of another domestic business with such rapid subscriber growth at scale over that period. Active subscribers currently stand at almost 1.2m with a revenue run rate of more than $120m. In summary, Stan has done a great job and this strong momentum has continued into FY19.

As you would all be aware, in July we approached Fairfax with a proposal to merge our two businesses.

This was a reflection of the operating strength of our current business, and both our ability and desire to continue to innovate Nine's business model enabling us to focus on those business segments we can already see delivering significant scale opportunities for the future.

The new Nine will have four principal areas of business. All of which are complementary to each other and all of which can work together to deliver better results than they can in isolation. Those segments are:

Broadcasting: A television business that has both successfully re-shaped our relationships with advertisers through state of the art technology and innovative, premium offerings, while repositioning our cost base to give us flexibility to respond to changes in the market.

Domain: With Nine's proven ability as a brand builder, and Domain's position in the property vertical, we believe that together, we can take Domain to the next level. And while there are cyclical headwinds through this current property downturn, Domain continues to build a strong digital business with all of the key fundamentals now in place to rapidly grow market share with the commercial support and exposure Nine can bring. Nine has proven the power of its reach in building digital businesses in the past, and we will do it again with Domain.

Video On Demand: Nine's VOD properties are both positioned in the segments of the market that are growing the fastest not only in Australia but globally. Video On Demand barely existed three years ago and Nine has done a great job to build two significant businesses across this period – one advertiser-backed, and the other subscription.

9Now continued to grow its revenues in excess of 50% in the year to date, with advertisers recognising the value of engaged audiences in a premium content environment, with non-skippable and now addressable advertising propositions. 9Now is already a scale business.

Stan is a domestic business that is the envy of our traditional competitors. The opportunity to consolidate ownership of 100% of Stan places Nine in a very strong position to take the next steps critical to accelerate

Stan's growth to 2 to 3m subscribers. Stan's unique access to more than one million paying and engaged subscribers is opening the door to the prospects of enhanced strategic relationships that will be influential in accelerating Stan's future growth.

And Publishing: Fairfax has done a great job in moving its metro publishing business to a revenue model now driven more by subscription and circulation revenue than by advertising. And when combining the digital revenues of the existing Nine digital businesses (ex 9Now) and Fairfax's digital revenue base, the combined publishing business will reach 8.1 million Australians each day and have a revenue base of more than $500 million. A proposition that from an advertising perspective will be very competitive with Facebook in the Australian market. But through a premium content, brand safe environment supported by world class measurement.

With the benefits of Nine's recent investments in Pedestrian, CarAdvice and Future Women, Fairfax's new Google relationship driving revenue and profit growth into the future, and aided by clear synergies that will benefit this part of the business, the publishing arm of the merged entity will be a substantial business at scale.

We have announced cost benefits of the merger of at least $50m – benefits which broadly include the removal of duplication primarily through reduced corporate costs, technology and sales. However, this was not a merger that was instigated or even justified by cost out. The really exciting parts for us and for Fairfax, are the top line growth opportunities that will be accelerated by virtue of the combination as I have mentioned above.

The Fairfax scheme meeting is scheduled for next Monday, and assuming a vote in favour, and the subsequent court approval of the merger, completion is scheduled for early December. Our two companies have been working tirelessly behind the scenes since we made the initial announcement to ensure we will be able to hit the ground running before the end of this calendar year.

It's a very exciting opportunity for us as a company and of course our shareholders.

We are happy to address questions relating to the merger at the end of the meeting.

Before we get to the formal part of the meeting, I might just reiterate comments we made a month or so ago with the Scheme document re current trading conditions.

For the first quarter, Nine's Metro Free To Air business achieved a leading revenue share of more than 40% of a market which was broadly flat on last year. The market was a little below our earlier expectations, particularly in September (which has continued through October), while Nine's share was ahead. We expect these more recent market conditions to remain through to the end of 2018, with the December quarter market impacted by the migration of some cricket audiences to pay TV.

Looking forward, we expect improvement in the Free To Air advertising market – a looming Federal Election, brand investment by major financial institutions and continued investment by the major tech brands should all contribute to a stronger second fiscal half market. And of course, Nine's second half share will be up, given the absence of special events on the other networks.

Coupled with reported FTA costs in FY19 which are forecast to be down by around 3%, we continue to expect earnings growth from our FTA business this year.

9Now is experiencing continued growth in registered users, and streams which is translating to revenue growth of more than 50%, well ahead of market growth for the quarter. This will help to underpin growth in overall Digital Publishing EBITDA.

And Stan is now at close to 1.2m active subscribers and is approaching the point where continued investment will no longer be required from its shareholders.

On this basis, in terms of the FY19 result, Nine continues to expect to report group EBITDA of between $280m and $300m on a standalone basis. This will be achieved notwithstanding the absence of the extra week of trading which fell in FY18, a $6m increase in spectrum charges and a $17m increase in net NRL costs in FY19.

The media business of the future is all about content and rights. Controlling the rights to premium content, particularly video based content, will be the key to potential success. As will the ability to utilise all platforms to extract maximum value for that content. And to use those platforms to the benefit of complementary businesses. Post the merger, we will have a number of these at scale, and will remain focused on operating what we have to maximum result for shareholders.

I'll now hand back to Peter.

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