



**2022 ANNUAL GENERAL MEETING
Chairman's Address – Mr Peter Costello, AC
10 November 2022**

FY22 was a very successful year for Nine. The quality of our content delivered through the unique combination of our platform assets led to strong audiences, revenue, and profitability. Across the year, and across all of our businesses, Nine built on its previous positive momentum and reported noticeable progress against the Company's objectives. In particular, we continue to build a digital future.

Nine reported strong profit growth for FY22 with Group EBITDA before Specific Items up 24% and Net Profit After Tax and minorities up 34% on FY21. There was a recovery in our traditional advertising markets, and digital earnings grew very strongly - growing by 43% and now accounting for more than half of Group EBITDA. Subscription now contributes 32% of revenues. Across the financial year, Nine announced dividends of 14 cents per share, up 33% on last year and consistent with our stated policy of a 60-80% payout.

In light of this strong result, and the Board's ongoing focus on capital management, in August, Nine announced its intention to conduct an on-market share buy-back of up to 10% of issued capital. To date, Nine has purchased just over 10m shares on market. This initiative reflects the Company's strong performance and balance sheet and leaves us with the capacity to maintain a dividend payout ratio of 60-80% through the cycle, as well as invest in further strategic growth opportunities, both organic and inorganic.

Content is the key to Nine's business. Across the year, Nine's total television business, (both FTA and BVOD), talk-radio stations and metro mastheads, attracted the leading audiences in their respective target markets. This success reflects our deep understanding of our audiences, and what they want, as well as our recognition of the changes in the way this content is being consumed.

The advertising market was consistently strong across the year and remained remarkably resilient against the backdrop of global conflict and local economic challenges. Underpinned by our content performance, Nine held or gained underlying revenue share in these buoyant market conditions.

Across the year, Nine also remained focussed on its long term objectives of growing the Nine business, and reweighting it towards its digital future. The growth in 9Now, and the initiation of significant revenue from the digital platforms, are testament to the success of this focus. In addition, we have extended Stan's investment in live streaming, successfully differentiating our Subscription-Video On-Demand platform from the plethora of other international services. We have the benefit of a strong balance sheet and cash flow which, during the year, enabled us to continue this investment in the future of our business. In addition, we decided to support Domain's acquisition of Realbase, which we believe adds a crucial element to the Group's marketplaces strategy.

As a Group, we are committed to ensuring trusted journalism remains available for all Australians, through our investment in news and current affairs across all of our platforms. During 2022, this commitment was tested.

In May, the NSW Supreme Court issued an extraordinary order requiring Nine to hand over copies of an upcoming television program and newspaper investigation to an interested party before the content had been published or even completed. The decision was overturned on appeal, but developments like this could severely hamper investigative journalism, allowing



an aggrieved person the opportunity to edit upcoming stories or at least delay publication of significant stories. Nine's team of journalists, across all our key platforms, have successfully brought many stories of public interest to the fore over the past few years, and we are committed to continuing to do so in the future. We believe that society generally benefits from free speech which should be subject to few, clear and circumscribed exceptions.

We are hopeful that the most significant disruptions due to COVID are now behind us. Our employees have proven committed and resilient through this period and we are pleased that the operating environment is now finding its new normal. These past years have given us the opportunity to challenge previous paradigms, and ensure we are the employer of choice in the media sector. One of the ways we did this, was to recognise our employees with a one-off Recognition Bonus of \$1750 at the close of the financial year.

This year, we completed our initial Materiality Assessment, and Environmental, Social and Governance (ESG) Policy. Sustainability is an overarching concept, the focus of which will differ in different companies, but it is designed to make sure that short-term business practices are consistent with long term Company aspirations. We are committed to continuing improvement in this area.

Ensuring the safety of our employees is a challenging but vital part of our business. Our journalists and staff come under enormous pressure as they gather and bring to publication stories on tight deadlines and sometimes on hostile subjects. We are extremely aware that this is a demanding task - which has a large impact on them and also on our ability to maintain important news-gathering services. We are constantly assessing and mitigating these risks and the Board has an active participation in these discussions.

In addition, our people often work in complex political environments that adds to the pressure. This year a number of our staff and some of our Directors were banned by the Russian Ministry of Foreign Affairs for a "Russophobic agenda." I can assure you there is no such agenda - just a commitment to report facts as accurately as possible.

During the year, we renewed key agreements with the NRL, as well as content providers Sony, and Starz-Lionsgate. Nine's success is built around strong partnerships with local production houses, international content suppliers, sporting bodies, as well as our audiences and advertisers, and of course, with our shareholders.

FY22 marked the first full year for Mike Sneesby in the role of CEO. Mike has brought an increased focus on the growth engines of the Company and developing its digital future, with the insights gained in his previous role as CEO of Stan. I'd like to thank Mike, and his leadership team, on behalf of our Board and all our shareholders, for ensuring the ease of his transition, and the continued momentum of the business.

The Board itself has worked cooperatively and has given me great support. Prior to this meeting, Nick Falloon advised of his intention to retire from the Nine Board. Nick has been a valuable member of our Board since the merger with Fairfax in 2018, and of the Fairfax Board before that. I would like to thank him for his commitment to Nine, and also Domain, of which he will remain Chairman.

As a result, we will be looking to appoint an additional Director to the Nine Board over the next 12 months, after completing both a thorough review of current Director skills and a subsequent search to identify the most suitable candidate.



We are excited about our business, as we believe we have the pre-eminent suite of media assets in Australia. All of our businesses have strong market positions, as well as opportunities to grow. Through these past two years, we have expedited the expansion of our business onto digital platforms, and further enhanced our competitive position. Nine will be instrumental in moulding and determining the future of Australia's media.



2022 ANNUAL GENERAL MEETING
Chief Executive Officer's Address – Mr Mike Sneesby
10 November 2022

2022 has been a record year for Nine. Record revenue, EBITDA, Earnings per share and dividends. For the year to June, Nine reported Group revenues of \$2.7b, up 15% on pcp and Group EBITDA before Specific Items of \$701m, up 24% on FY21. Group Net Profit after Tax, pre Specific items, was \$349m for the year, which was up 34% on FY21, and more than double the result in FY20.

As a result, our cash flows and balance sheet are strong, with leverage at June 30 of just 0.3X. This, coupled with our confidence in the outlook for our business, underpinned the decision to announce an on-market buy-back of up to 10% of the issued capital, which we commenced in mid-September and have consistently executed since then.

We have recently paid a final dividend of 7.0c for a total FY22 dividend of 14 cents per share.

Behind that record result, were some stand-out highlights. Record profit for Total Television notwithstanding key events on other networks; a massive 53% growth in Publishing as the business rebases to a higher level; continued recovery in Radio with clear share gains in a stronger market; strong underlying profit performance at Stan while making significant investments in growth through Sport and Originals; and 38% growth in ongoing EBITDA at Domain.

I would like to thank and congratulate the team at Nine on this exceptional result. They have focused on the priorities that drive revenue and growth opportunities across the business, while remaining disciplined on cost management.

All of the key divisions contributed to the EBITDA result of \$701m.

Nine reported Broadcasting EBITDA of \$401m, up 21%. This includes Nine's Total Television business as well as Nine Radio.

Total Television Revenue growth of 10% to \$1.3b reflected strong growth in both Nine's Free To Air and BVOD revenues, with digital revenues accounting for around 13% of the total. EBITDA of \$386m was up 19% on FY21.

The Metro free to air ad market bounced back strongly across the year, resulting in total market revenue growth of 12% for the year, inclusive of the positive impact of the Summer Olympics in the first half and the Federal Election in the second half. Nine's free to air revenues were more than \$1.1b, representing growth of 7% on pcp, and a share of more than 40% in the second half.

These results reflected Nine's strong ratings performance, particularly main channel, prime time - where, excluding the Olympics, Nine maintained its lead in its targeted 25-54s, 4.1 points ahead of the second placed Channel. Free to Air costs were 5% higher, with more than half of this increase relating to the normalisation of some COVID-related cost relief in FY21. Overall, EBITDA from Nine's broadcast television business totalled \$285m, up 14%.

Nine's live streaming and catch-up business 9Now, had an exceptional year, growing its revenues by 41% and EBITDA by 37% to \$101m. 9Now recorded growth in all key metrics and remains central to the future and growth of our Total Television business.



Nine Radio continued to outperform the market as they focus on sales strategy and execution, capitalising on their strong audience results, and the benefits of being part of the Nine Group. Nine's Radio audiences grew by 10% across the year, resulting in 14% growth in advertising revenues, well ahead of market growth and resulting in EBITDA growth of more than 80%.

Momentum remains positive at Stan, with subscriber growth across both Entertainment and Sports. EBITDA of \$29m reflected a period of strategic investment - both in Originals to diversify Stan's content sources and build a long term library asset, and in live content, primarily Sport, as a key differentiator to other entertainment-based streaming platforms in Australia.

Nine's Publishing business recorded 53% growth in EBITDA to \$180m in FY22. Our combined Publishing business now derives more than 60% of its revenue from Digital sources, and more than 37% from subscriptions and licensing, both key to the longer term growth of the business.

Digital subscription and licensing revenue grew by 66% to more than \$171m across the year, with digital subscriber numbers growing across each of the *Herald*, *The Age* and the *AFR*, augmented by the first payments from the digital platforms. Nine also recorded strong growth in advertising revenue across both digital and print.

In FY22, Domain reported 38% growth in ongoing EBITDA - a result which reflected the Group's success in driving its marketplaces strategy as well as the ongoing strength in the property market. The 24% growth in Digital Revenues was underpinned by Residential, with 9% growth in national listings volumes coupled with a 14% increase in controllable yield. During the year, we supported Domain's investment in RealBase, after which Nine now holds a stake of just over 60% in Domain.

Be it News, Sports or Entertainment, Nine's focus is on creating amazing content. We are the only media company in Australia to have distribution capabilities across broadcast TV, radio, streaming, publishing and consumer marketplaces – with established brands that Australians trust.

We continue to focus on digital growth opportunities. Across the year, we reported strong growth in revenue and EBITDA from our digital businesses, 9Now and Stan as well as the Digital components of Publishing and Domain. Digital revenue increased by almost 30% to more than \$1.1b, while EBITDA grew by 43% and accounted for more than half of total Group EBITDA.

This focus on digital growth is key to Nine's longer term strategy - to use Nine's leading content to deliver increasingly diverse revenue streams from both consumer subscriptions and advertising, across all available distribution platforms.

Nine's Total Television business is perhaps the best example of this and represents a great opportunity for Nine.

Key to Nine's total television proposition is the performance of our content which continues to lead the market in our targeted 25-54 demographic.

9Now is fast becoming Australia's preferred way to consume live television. Smart TV's are now almost ubiquitous across Australian households and the option of live streaming our programming is seamless. Same TV, same content but now, a better-than-broadcast experience in terms of quality, and a markedly enhanced advertising proposition.



In terms of audience, I will share a couple of data points. For the NRL Grand Final in September, more than 14% of Total TV audiences live streamed the game through their 9Now app. That's up from 10% in 2021.

The latest season of *The Block* finished on Sunday night, after 14 weeks, with almost 2.6 million Australians watching the contestants take away almost \$2m in prize money. In the all important 25-54s demographic, *The Block* attracted a phenomenal 1.1 million Australians, more than double the audience of the other commercial networks combined.

For the 2022 season of *The Block*, year on year average audiences across Australia were up around 3%. Whilst free to air audiences were broadly flat, it was streaming through 9Now that drove this year-on-year audience growth. Across the season, average audiences on 9Now grew by 26%, with 9Now accounting for 16% of total people watching the show.

With the recent upgrades to technology, 9Now is delivering on its better-than-broadcast promise - better picture quality, superior navigation and user-friendly functions, including the newly introduced start-over function, enabling a viewer to tune into the start of any live show, regardless of the time.

The Total TV proposition offers a unique advertising opportunity - with both mass market and targeted advertising propositions, the latter augmented by Nine's pool of more than 21m registered and de-duplicated users.

The thing that makes Nine's Television business truly unique is the continued success and scale of Stan - our established subscription video-on-demand service, with around 2.5m active subscribers, a reach of over 7 million subscriber accounts in total and consistent profitability. Across all of our television platforms, there is a home for every genre of content, and the ability to work together to maximise the impact of that content. Free television has historically been the natural home for News, Sport and Reality; while streaming has been filled with scripted content, primarily sourced from the big studios. That paradigm is evolving.

Over the past couple of years, Stan has been focussed on differentiating its content proposition and reducing its reliance on 3rd party content, with the successful expansion of Originals and the extension into live events, most notably Sport, two key pillars in this strategy. The Stan Original slate has proven to perform strongly compared with content licensed through studio output deals - with Stan's original programming accounting for 6 of the top 10 most viewed feature films and 4 of the top 10 most viewed TV series over the past 24 months - whilst also building a long term content asset. Every Stan Original scripted series made to date has been distributed in international markets - as a result of either co-production arrangements or distribution partnerships.

Stan Sport has also brought incremental subscribers to Stan - representing a committed, and higher value audience, on average generating 4% higher entertainment ARPU than an Entertainment-only subscriber. It has also enhanced our Company-wide relationship with the sporting bodies, and many of Stan's key sports are already positive contributors to profitability in their own right.

This is the future of our business. Taking our premium content into the digital world, ensuring we can capture audiences and advertisers alike across all available distribution platforms. We are well progressed, with significant potential ahead - across all of our businesses - television, radio, publishing and marketplaces.

During the year, we invited all of our people to join a conversation about Nine's Purpose and Values. The timing of this was especially pertinent, coming off a couple of years where COVID



interrupted the way our people have traditionally operated. It was inspiring to witness first hand the engagement and clear passion demonstrated across all parts of our business, right across the country as our team brought Nine's Purpose and Values to life.

The expression of our Purpose is a powerful statement, and contains some aspirational goals. 'We shape culture by sparking conversations, challenging perspectives, and entertaining our communities. We bring people together by celebrating the big occasions and connecting the everyday moments. Australia belongs here'. Being clear and aligned on the purpose and the values that unite us provides a framework for a high performance culture at Nine, crucial to our long term success.

Moving now to current trading. Across Nine's wholly-owned operations, operating performance for the first half is expected to be broadly in line with previous guidance and Company expectations. Across all of our advertising-driven businesses, total television, publishing and radio, Nine believes it has gained share in the first half, and that in FY23, we expect Nine's advertising revenues to out-perform the markets in which we operate.

The Nine Network and primary Channel Nine will once again win the ratings in all of our targeted demographics (25-54s, 16-39s and Grocery Buyers with Children) for 2022. Reflecting this strong ratings performance, Nine's Total TV revenues finished Q1 up around 9% on Q1 of FY22, driven by growth in both Nine Network and 9Now. In the December quarter, Nine is expecting Total TV revenue growth in the low single digits, underpinned by ongoing growth at 9Now.

Nine continues to expect Total Television cost growth in FY23 to be similar to FY22 (c7%), with an increased weighting to the first half, due to one-off events like the World Cup Cricket and the Queen's funeral, as well as the addition of the US Open and timing relating to the broadcast of Ninja Warrior in 2022.

Nine's Radio ratings and audiences have been strong, with our talk Network achieving its best ever results in recent surveys. In Q1, ad revenue growth totalled c18%. We expect the Radio ad market to grow in the mid single digits (%) in the first half, with Nine expected to record some clear share gains.

Double digit revenue growth in Q1 at Stan primarily reflects increased ARPU, including the entertainment price increase implemented through August and September. Nine continues to expect to report revenues and EBITDA growth in Stan in FY23 over FY22 (with more balanced phasing in EBITDA than in FY22).

In Nine Publishing, in the September quarter, subscription revenues grew in the mid single digits, with double digit growth in digital offsetting print. Total advertising revenues across digital and print also recorded double digit growth. Nine is currently expecting Publishing revenue growth in Q2 to be slower, reflecting the broadly uncertain economic conditions. Higher wage, paper and distribution costs including fuel, will impact on both H1 and FY23.

As Domain disclosed at its AGM yesterday, in the September quarter, Digital revenue grew by around 24% year-on-year. However, the flow-through effect of the recent interest rate hikes on the housing market is clearly impacting on the spring selling season, with current market conditions trending well below expectations, particularly in inner metro areas. Reflecting these more challenging market conditions, Domain is currently reviewing its previous cost guidance.



As a result of the impact of the softening housing market on Domain, Nine's first half EBITDA, before Specific Items, is now expected to be around the low end of the guidance cited in August (\$380m to \$400m). At this stage, Nine believes it is too early to give guidance for the FY23 result.

Nine remains confident that the diversification and balance of its earnings profile, across growth, subscription and advertising-based businesses will ensure ongoing, strong profit and margin performance, with almost half of Nine's revenues coming from outside the traditional advertising cycle.

I'd like to thank the entire Nine team for their commitment, insights and tireless application this year. I'd also like to thank the Chairman and the Board, for their guidance and support.

This announcement was authorised for lodgment by the Company Secretary of Nine (ASX: NEC).

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