MACQUARIE CONFERENCE 2023

3 May 2023: CEO of Nine (ASX:NEC), Mr Mike Sneesby, will be participating in the Macquarie conference this week.

INTRODUCTORY COMMENTS

Nine is Australia's Media Company combining Australia's leading Free to Air Television Network (in both audience in the key demographics, and revenue); Australia's leading BVOD operator, 9Now; the leading Australian SVOD service, Stan which has been profitable and cash flow positive for almost five years; Australia's leading talk radio network; Australia's most read publisher through titles like *The Sydney Morning Herald*, *The Age* and *Nine.com.au* as well as Australia's leading business publication, *The Australian Financial Review*, and a 60% stake in one of Australia's leading real estate marketplace businesses, Domain.

In a challenging operating environment, Nine is in an incredibly strong position. Over the past year, the relative position of all of our businesses - across Total Television, Streaming, Audio, Publishing and Marketplaces - has been further strengthened due both to our operational performance, underpinned by Nine's pre-eminent content and technology, as well as the results of our targeted strategy and investments. We have focussed on entrenching our content at the forefront of audience minds, we have committed to continually refresh and extend our engagement with these audiences, offering mass market, targeted and cross platform opportunities for advertisers, and we have challenged the traditional paradigms in the businesses in which we operate.

Across Total Television, Radio and Publishing, we have gained share against all of our traditional competitors. But the opportunity today is far greater than those traditional players. The Digital Video, Digital Audio and Digital Publishing markets are all growing and in some cases already far greater than their traditional counterparts.

Our business has embraced the opportunities of digital, extending Nine's content across the evolving digital platforms. This broad distribution base delivers us a reach of around 16m people each month, rivaling the reach of any other media company in Australia, including the internationals. And our extensive signed in user base enables us to offer advertising solutions across the consumer lifecycle and the marketing funnel.

We continue to focus on delivering the best content, to the broadest audiences, and monetising those audiences in as many ways as possible, offering the broadest range of marketing solutions to our advertisers.

And we have a strong balance sheet, and cash flows and will continue to look for opportunities to further strengthen our position in Australia's media landscape.

TRADING UPDATE

In the current half, Nine continues to expect to grow its revenue share of all key advertising platforms. This growth reflects Nine's commitment to delivering the best content to our audiences, with targeted and strategic investments continuing to pay off. Notwithstanding, the advertising market is expected to remain challenging through Q4 of FY23.

In Television, Nine has started the year as the clear ratings leader across all key demographics. In the March quarter, Nine continued to extend its lead, finishing the quarter with a 45.6%[1] share, more than 15%[1] points of share ahead of the next placed channel on a prime time, primary channel basis in our targeted 25-54s and a 44.6%[1] share, more than 8%[1] points ahead, on a Total People basis. The NRL and new show *The Summit* as well as part of the State of Origin and Ashes series, is expected to underpin a strong Q4 share result.

Reflecting this ratings performance, Nine believes it will continue to grow Total Television revenue share in the current half. In the March quarter, Nine achieved a 45% share of FTA revenues and a 56% share of BVOD revenue[2], as Nine's commitment to targeted investments across key areas of the schedule paid off.

Consistent with our commentary in February, the Metro FTA market declined by around 15% in Q3 (on Q3 FY22), with a similar decline expected in Q4 (on Q4 FY22), albeit the market remains short, with limited visibility. The absence of key events, particularly the 2022 Federal Election, accounted for an estimated 6% points of this decline. Nine clearly outperformed the market, gaining more than 2.5 percentage points of share across the quarter, on previous corresponding quarter.

9Now continues its growth trajectory, with nearly 22% revenue growth in Q3, marginally ahead of February guidance. Whilst the structural growth in 9Now's audiences and engagement continues, the digital video market is not completely immune to the current advertising cycle.

Together, this equates to Total Television advertising revenue for Nine which is expected to be down in the very low single digits (%) in FY23 compared to FY22, a strong outcome against the backdrop of a weak economy, reflecting ongoing revenue share gains.

Total Television costs are expected to increase in the low single digits in the second half, resulting in FY23 Total Television cost growth of slightly below 7%, as per the February guidance.

Nine Radio's Q3 ad revenues grew in the mid single digits (%), with share gains in a resilient market, supported by a close to doubling of digital revenues, and with an increasing contribution from streaming.

Strong content performance has enabled the increase in pricing at Stan, for both Entertainment (September) and Sport (March). The subsequent subscriber performance has been consistent with previous price increases, and Stan's expectations. Nine continues to expect growth in both revenue and EBITDA in FY23.

Nine's Publishing business continues to benefit from the growth of digital audiences, with digital subscription revenue growth expected to be around 8% in H2. Earlier this month, and reflecting Nine's growing audience engagement, Nine communicated digital-only price increases across *The Sydney Morning Herald*, *The Age*, *WA Today* and *The Brisbane Times* that are due to commence during May. Initial reporting suggests that these price increases have not resulted in a significant increase in churn. Once implemented, this should lead to a meaningful increase in ARPU and digital subscription revenue from these titles. Notwithstanding, as commented with the interim result, a more challenging advertising and cost environment in H2 will result in greater-than-normal EBITDA phasing to the first half.

Domain also updated the market earlier today and further details can be found with their full presentation (ASX: DHG). Reflecting the challenging market conditions, for the March quarter of FY23, digital revenue was down by around 1% year-on-year, while total revenue was down around 4%. FY23 costs are expected to be around $255m, at the higher end of prior guidance (of $250-255m), with the FY23 EBITDA margin expected to reduce in the mid-single digit percentage point range from FY22's ongoing EBITDA market (adjusted for the impact of JobKeeper and Zipline expenses). Domain remains committed to longer term margin expansion, as well as the ongoing scaling of its Marketplace strategy.

Based on our current view of market conditions, Nine is expecting FY23 EBITDA to be around $590-600m.

Authorised for release: by Nine's Chief Executive Officer

[1] 1st January to 31st March 2023, 5-city metro, 6pm-midnight
[2] as defined by 9Now, 7Plus and 10 Play

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