

ASX ANNOUNCEMENT

Thursday 7th May 2015

The Manager
Company Announcements Office
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam,

Nine Entertainment Co. Presentation – Macquarie Australia Conference 2015

Attached is a copy of a presentation to be delivered by Simon Kelly, Chief Operating Officer & Chief Financial Officer of Nine Entertainment Co., at Macquarie Australia's conference today.

Yours faithfully



Simon Kelly
Chief Operating Officer, Chief Financial Officer
& Company Secretary



Macquarie Australia Conference
7 May 2015

Simon Kelly COO/CFO

Nola Hodgson Head of Investor Relations



Important notice and disclaimer

This document is a presentation of general background information about the activities of Nine Entertainment Co. Holdings Limited (“NEC”) current at the date of the presentation, (7 May 2015). The information contained in this presentation is of general background and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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This document contains certain forward looking statements and comments about future events, including NEC’s expectations about the performance of its businesses. Forward looking statements can generally be identified by the use of forward looking words such as, ‘expect’, ‘anticipate’, ‘likely’, ‘intend’, ‘should’, ‘could’, ‘may’, ‘predict’, ‘plan’, ‘propose’, ‘will’, ‘believe’, ‘forecast’, ‘estimate’, ‘target’ and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

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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 further information regarding NEC’s H1 FY15 Interim Results refer to the ASX release, dated 26 February 2015.

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



1

A leading platform in the Australian FTA TV industry with fully owned digital capability

2

Opportunities for increased returns through affiliate/regulatory change/licence fees

3

Exposure to an improvement in the advertising cycle

4

Stan - New SVOD joint venture with Fairfax Media, exceeding early expectations

5

Highly experienced management team

6

Capital management initiatives including buy-back(s) and lift in payout ratio to 80%-100%

7

Net cash position provides significant financial flexibility



Nine Network

No.1 audience share position in all key advertising demographics

FY14 Pro Forma Group EBITDA contribution:
\$241.5 million

Nine Digital and Ventures

A leading Australian online publisher

FY14 Pro Forma Group EBITDA contribution:
\$20.1 million¹

Stan

50:50 joint venture to operate an Australian SVOD service, launched January 2015

Reached 100k sign-ups by mid-March

- Portfolio of assets provides NEC with cross-promotion and cross-selling opportunities
 - Delivers entertainment/video content in multiple ways
 - Offers advertisers multiple distribution channels across NEC's wide audience base
 - Unrivalled access to the consumer creates new business opportunities

1.Pro Forma EBITDA includes \$4.5m share of associates' NPAT

The Australian FTA market is unique



- Three commercial FTA licences and a moratorium on new licences
- Anti-siphoning ensures premium sport stays on FTA
- FTA TV is genuinely free – consumers don't need a cable or dish to receive
- Quality of domestic content has historically been high
- Strong following for news on FTA TV – both 6pm news services attract >1m viewers, each night, 365 days per year
- Streaming services are in their infancy

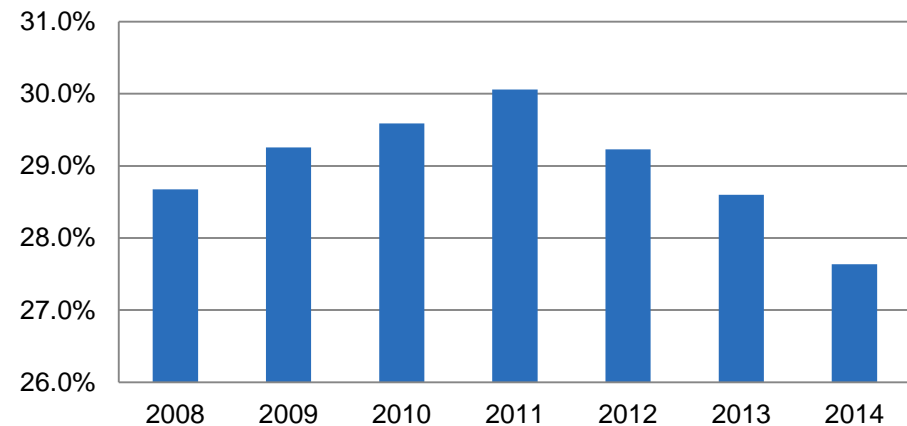
Anti-siphoning covers:

- Olympics
- Commonwealth Games
- Horse Racing
- Australian Rules Football (AFL)
- Rugby League (NRL)
- Rugby Union
- Cricket
- Soccer
- Tennis
- Golf
- Motor Sports

Pay TV in Australia has limited reach

- Pay TV is a monopoly, and has been operating for c20 years
- The ARPU is high (~\$90 per month), albeit decreasing
- Access to premium local sport is limited
- Penetration has been relatively stagnant for a number of years

Pay TV Penetration*

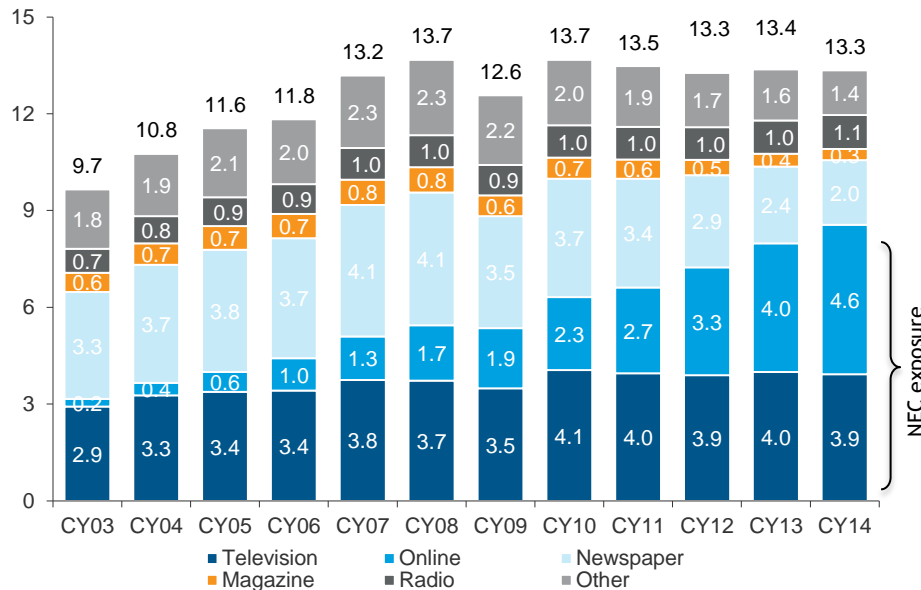


TV advertising has been resilient

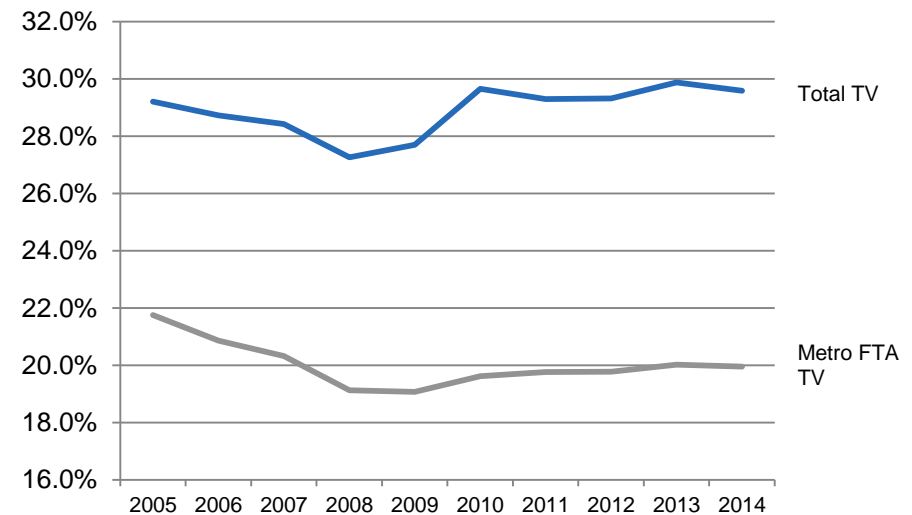


- Overall advertising industry expenditure has grown at a CAGR of 2.2% over the last 10 years (incl. Directories)
- NEC operates in the two single largest segments of the advertising industry – television and online
- Television’s share of total ad spend remains around 30%
- Online media has experienced strong growth as advertising has shifted away from other media such as newspapers
- Strong positions in FTA TV and online media mean NEC is well placed to benefit from improvements in advertising expenditure
- Television and online segments currently represent around 65% of advertising expenditure

Australian advertising expenditure by segment (A\$b)n¹



Television as percentage of total advertising expenditure¹

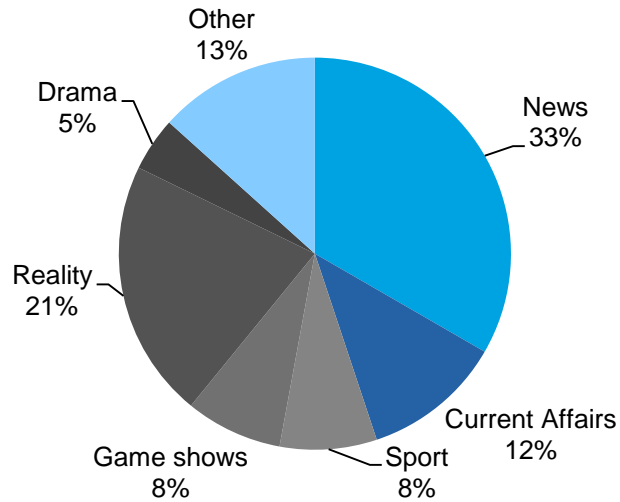


1. Source: Commercial Economic Advisory Service of Australia (CEASA), Advertising Expenditure in Main Media, Year ended 31 December 2014. Adjusted to include Directories (est)

Prime time content has changed markedly

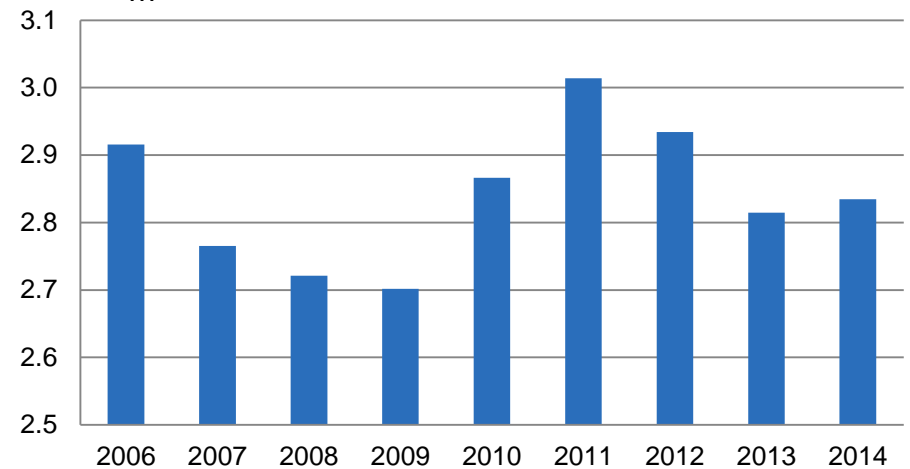


Prime time content, current[^]

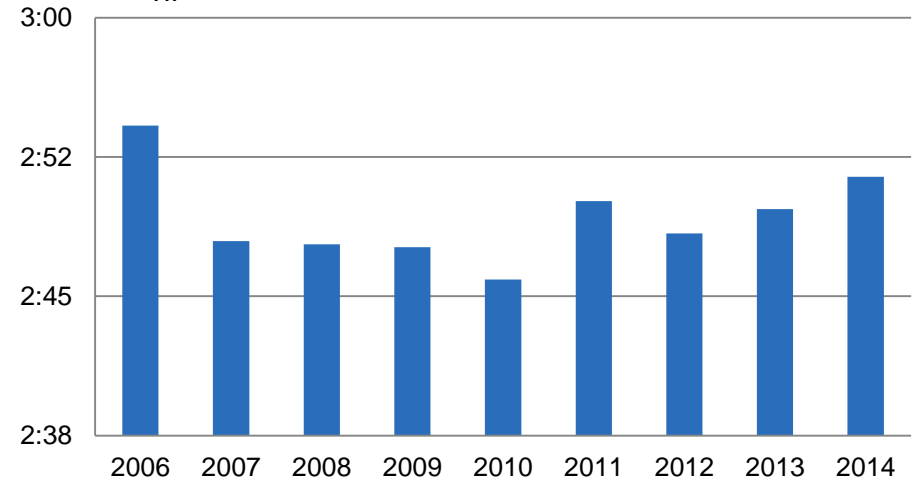


- Composition of prime time has evolved significantly over the past 10 years
- Reliance now on programming which must be watched live and that with audience participation
 - 74% of prime time schedule is now news, current affairs, sport and reality
- Greatly reduced reliance on international product (included in other)

m Total audience of commercial FTA



hr Time spent viewing FTA



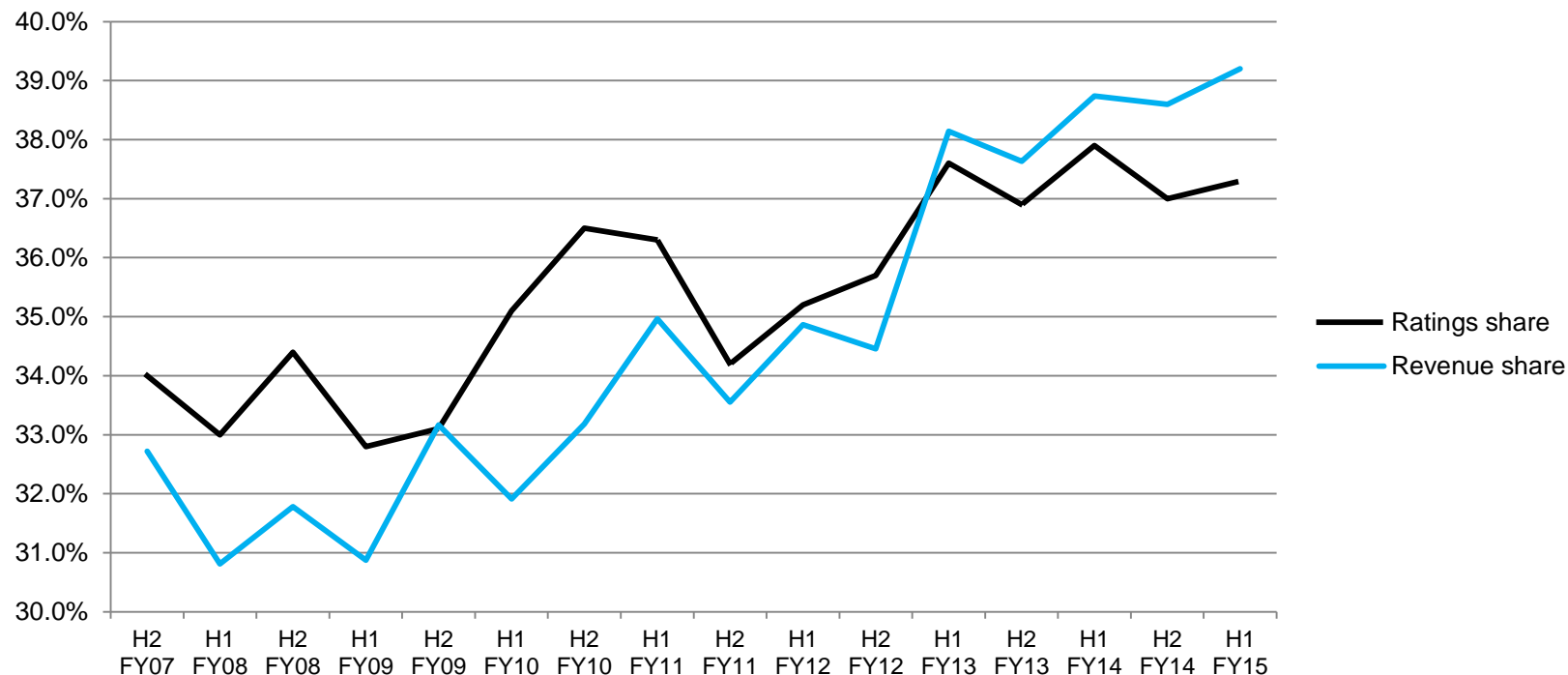
[^] 5-9.30pm, average, Nine primary channel

Sustained positive FTA ratings momentum



- Six years of consistent Free To Air ratings improvement
- Strong performance across the schedule led by News and Current Affairs, Sports, and Local Production
- Revenue share trends follow ratings performance
- Revenue share premium reflects consistency and predictability

Revenue share premium returned

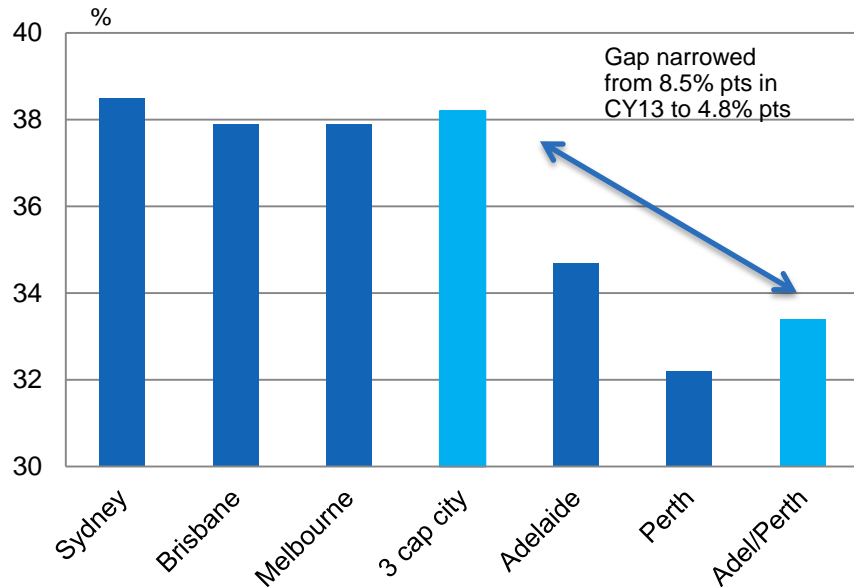




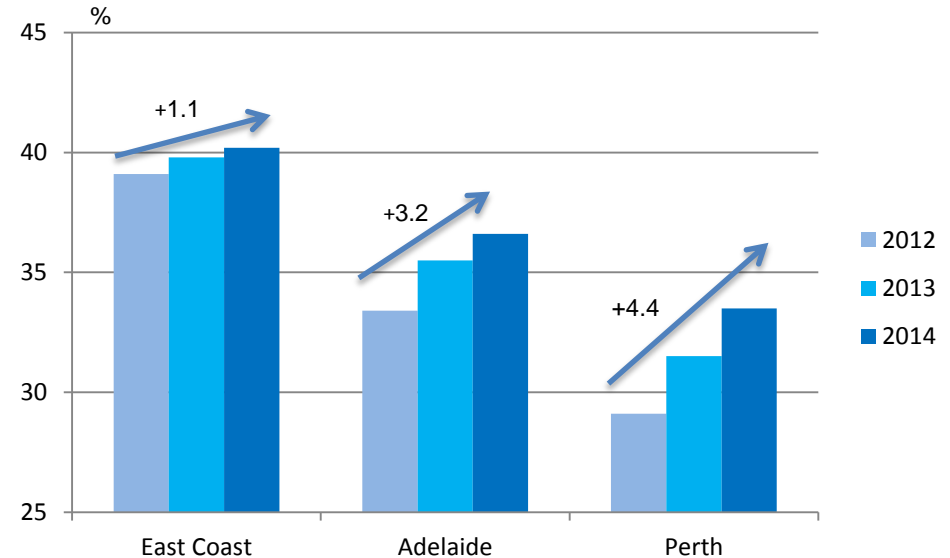
THE BIG BANG THEORY

- National metropolitan broadcasting network with licences in Sydney, Melbourne, Brisbane, Perth and Adelaide
 - Holds one of only three commercial FTA TV licences granted by the Australian government in those regions
- No. 1 audience share across Nine Network's traditional metropolitan licence areas (Sydney, Melbourne and Brisbane)¹
- Acquisition of Nine Adelaide and Perth in 2013 gives Nine a truly National network for the first time in its history
- Historical performance in Adelaide and Perth in 2013 under the operation of the previous owner was markedly below Nine Network's performance in its traditional licence areas (Sydney, Melbourne and Brisbane)

Nine Network's licence area audience share (January–December 2014)¹



Nine Network's revenue share, six months to December – East Coast average² vs Adelaide/Perth



1. Source: OZTAM. All People, 6am-midnight

2. Free TV Australia data, Sydney, Melbourne and Brisbane

Regulatory

Reach rule

- Restricted to broadcasting to 75% of the population
- Current affiliate agreement expires end of 2015
- Repeal of the reach rule opens up M&A opportunities

Licence fees

- Currently pay 4.5% of gross advertising revenue to the Government as a licence fee (FY14 \$51m)
- Originally introduced to 'tax' operators who had access to spectrum. Evolution of the Internet allows operators to by-pass spectrum
- Markedly higher than that paid in comparable markets – US, UK, Canada, NZ, HK all < 1%
- Industry calls for licence fee reductions growing. Potential for a 'digital dividend'

Retransmission

- Opportunity for modest benefit

Other

Affiliates

- Opportunity to substantially improve the economics of affiliate arrangements on renewal, without regulatory change

Cost base

- Discontinuation of Warners contract creates cost savings, and buffer for sports rights inflation

NEC took control of Mi9 on 1 November 2013 with Microsoft continuing as a strategic partner

Leading online domestic publisher

- Leading overall audience network with monthly reach of 12.3m[^]
- Leading share of online display market revenue – strong growth from online video advertising (long form up 33%)
- Focused on deepening the integration between TV and digital. With 9news.com.au (launched in July) and 9Jumpin

Leader in Freemium Video

- 9Jumpin, the home of catch-up TV for Nine, Go and GEM
- 43% increase in TV streams in H1 FY15

Investment in Daily Mail Australia

- Launched in June 2014
- 5th largest news publisher in Australian market*

Investment in Pedestrian.TV

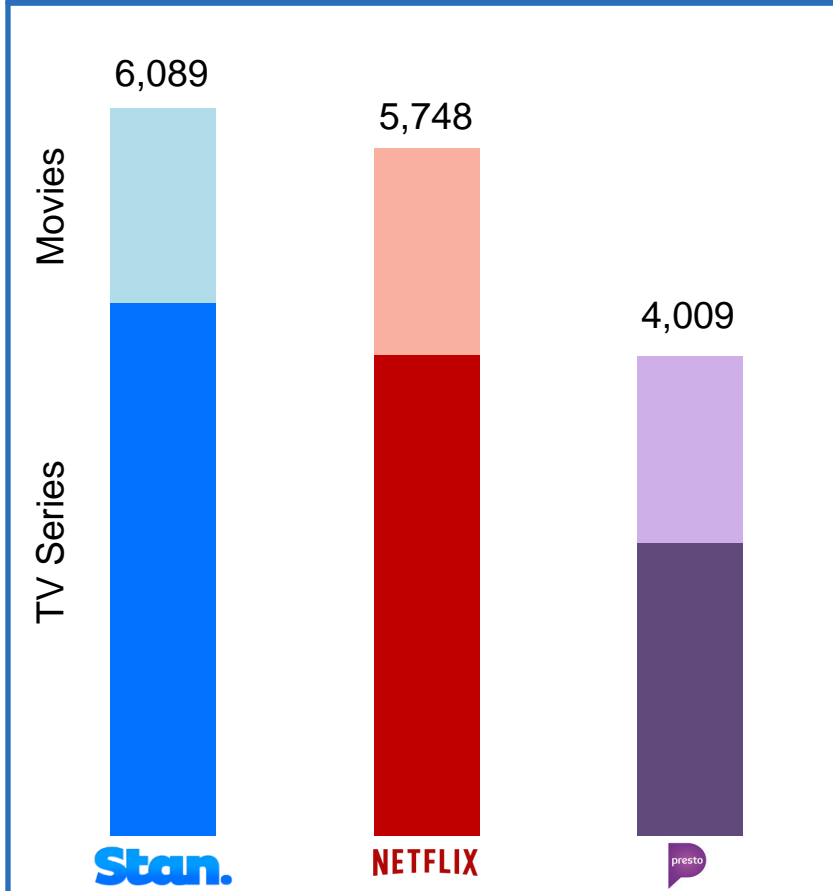
- Australia's leading youth culture publisher
- Nine acquired majority interest in April 2015





- 50:50 joint venture between Fairfax Media and Nine Entertainment Co. formed in September 2014 to launch an Australian SVOD (Subscription Video On Demand) service
- Consumer demand for accessible, affordable, high-quality content is on the rise
- Barriers to mass market take-up of OTT VOD are falling:
 - Wi-Fi household penetration, connection speeds and price/caps
 - Technology platforms simplifying
 - Anti-piracy initiatives
- The consumption of video content online is growing at fast pace (>50% growth YoY)
- Australians spend on Home Entertainment is high compared to other markets and Australia is one of the largest TVOD markets in the world per-capita
- Connected devices and platforms are an enabler / accelerator and gateway to TV
- Stan launched on Australia Day (26 January) 2015
- Both shareholders have committed up to \$50m each over a multi-year period to break-even

Stan offers the largest content library¹...



... and highest quality first run and SVOD exclusives



¹ total streamable hours, Gyde Benchmark April 2015



International Market Experience

- Average penetration:
 - US: c40% of all broadband households
 - UK: c25% after 2-3 years
- Up to 40% of subscribers take >1 service
- Implies addressable market of more than 5m households in Australia within 4-5 years

Performance Summary - Stan

- Hit 100,000 gross sign-ups in mid March
- Well on track to achieve 200,000 gross sign ups in the next few weeks
- Churn running lower than expectations
- Tracking to 300,000 - 400,000 active subscribers by December 2015
- Current streaming run rate over 1.5m hours per month

Subscriber growth will be driven by:

- Content catalogue
- Distribution partnerships
- Device ecosystem
- Market expansion

Current



Coming Soon



Set-top boxes

Gaming consoles

Smart TVs



Comprises: Ticketek, Allphones, Nine Touring and Events and ancillary businesses

Sale announced 16 April:

- Sold to Affinity Equity Partners for \$640m
- Net proceeds to NEC of 64 cents per share

Valuation:

- Equated to 9x EBITDA (based on consensus analyst forecasts)
- Comfortably above average analyst valuation of ~\$500m

Strategy:

- Business was not for sale – the price was the key motivation
- Growing business but not without risk
- Focus on maximising the returns to NEC shareholders
- Leaves NEC in a net cash position – strongest balance sheet within the sector

Contractual arrangements between the parties preserve the respective commercial relationship and benefits that existed through ownership

Sources:

- Sale of Nine Live for \$640m
- Potential sale of Willoughby site

To come:

- Discontinuation of Warner Bros. contract, calendar 2016
- Release of NRL prepayment, calendar 2017

Uses:

- \$150m on-market buy-back announced in February 2015
- On-going program of on-market buy-backs
- Increased dividend payout ratio from 50-60% to 80-100%, predominately franked
- Stan capital deployed off balance sheet (\$50m committed)



Healthy sustainable returns to shareholders leaving significant balance sheet flexibility for other opportunities



1

Leading position in the Australian FTA market

2

Leverage to an improvement in the advertising market

3

Opportunities to lift returns from Affiliates and via licence fee reductions

4

Full control of a re-invigorated Digital business

5

Launch of Australia's own SVOD service, Stan, performing ahead of expectations

6

Net cash position provides financial flexibility, and a clear focus on maximising shareholder returns

7

Well-positioned to capitalise on opportunities including impending media sector deregulation



skype™

HOUSE OF HANCOCK

THE BLOCK

THE EXPERIMENT
MARRIED AT FIRST SIGHT

9 jumpin

RENO RUMBLE

ninemsn

Love Child

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THIS IS AUSTRALIA

RENO RUMBLE

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NEW 2 BROKE GIRLS

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THE FIX

Road Management

new CSI

LiteracyPlanet

NEW HOTSEAT

msn

Stan.

XBOX

Windows 8

Gem

TIPSTONE

STATE OF ORIGIN

Stan.

GO!

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HOUSE OF HANCOCK

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Q & A