

H1 FY17 RESULTS BRIEFING

23 FEBRUARY 2017



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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 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.

GROUP EBITDA
\$120M, DOWN 6%

GROUP COSTS
DOWN 4%

INTERIM DIVIDEND
4.5 CPS
FULLY FRANKED

**KEY
FINANCIALS**

Results for H1 FY17
Pre Specific Items, FY16 Pro Forma

FTA EBITDA
\$109M, DOWN 9%

DIGITAL EBITDA
\$14M, UP 13%

NET DEBT-EBITDA
OF 0.9X

OPERATIONAL HIGHLIGHTS



MARKET LEADING,
POST-OLYMPIC RATINGS
PERFORMANCE



MARKEDLY IMPROVED
START TO RATINGS
SEASON 2017



2.9M REGISTERED USERS ON
9NOW, NINE'S LIVE STREAMING
AND CATCH UP SERVICE



LAUNCH OF 9HONEY,
AUSTRALIA'S LEADING
WOMEN'S NETWORK



STRONG GROWTH IN STAN
ACTIVE SUBSCRIBERS, NOW
MORE THAN 700K



NEW AFFILIATE DEAL WITH
SOUTHERN CROSS AUSTRALIA
CREATING REGIONAL
OPPORTUNITIES



MOMENTUM RETURNS POST OLYMPICS

- **Group revenue down 5%**
 - FTA market down 4.5%
 - Olympics impact ad market and share
- **Costs down 4%, group basis**
 - FTA costs down 4%, timing and efficiencies
 - FY17 FTA costs expected to be down 1.5%
 - Digital costs down 4%
- NPAT, continuing businesses (pre-specific items) of \$75m
- EPS down 2% (pre-specific items)
- DPS of 4.5 cents, fully franked
 - Full year payout at lower end of 80-100% range

\$M	H1 FY17	H1 FY16 ²	VARIANCE
REVENUE	659.2	690.3	-5%
GROUP EBITDA¹	119.7	127.9	-6%
EBIT ¹	101.4	112.2	-10%
NPAT (CONTINUING BUSINESSES)^{1,2}	75.0	78.4	-4%
STATUTORY NET (LOSS)/PROFIT	(236.9)	320.8	-174%
BASIC EARNINGS PER SHARE, BEFORE SPECIFIC ITEMS – CENTS¹	8.6	8.8	-2%
EARNINGS PER SHARE, STATUTORY - CENTS	(27.3)	36.2	NM



SPECIFIC ITEMS

IMPAIRMENT

- Accounting led, non-cash adjustment
 - Reflects the sustained discrepancy between share price and book value
 - DCF valuation impacted by lower than expected December half market

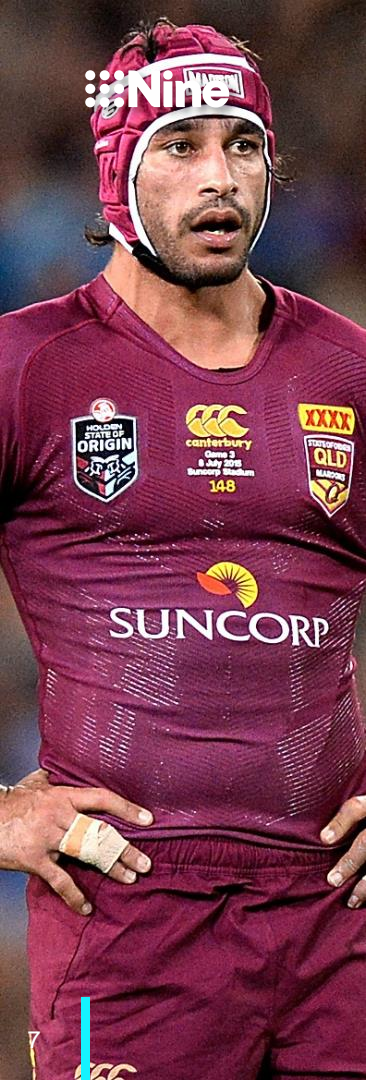
WARNER BROS.

- Relates to close out of Warners contract, As disclosed at FY16 result
- \$86m nominal value, discounted to \$84.9m in NPV terms
- Cash to be paid in FY18 and FY19

WITHHOLDING TAX PROVISION RELEASE

- Relates to past Olympic rights
- Resolved in Nine's favour

\$M	REPORTED H1 FY17
NET IMPAIRMENT CHARGE NON-CURRENT ASSETS	(260.0)
CLOSE OUT OF WARNERS CONTRACT (NPV)	(84.9)
RESTRUCTURING COSTS	(3.9)
WITHHOLDING TAX PROVISION RELEASE	10.7
OTHER	(0.4)
TOTAL SPECIFIC ITEMS BEFORE TAX	(338.5)
TOTAL TAX RELATING TO SPECIFIC ITEMS	26.6
NET SPECIFIC ITEMS AFTER TAX	(311.9)



DIVISIONAL RESULTS

NETWORK

- Revenue down 5%
 - Metro FTA market down 4.5%, Regional down 0.4%
 - 35% share of metro FTA market
- Costs down 4%
 - Lower local content costs
 - Benefit from scheduling
 - Cost reduction program continuing
 - \$6m impact of licence fee timing
 - FY 17/16 cost expected -1.5%

DIGITAL

- Revenue lower due to absence of DMA
- Improved margin driven by focus on more profitable business

CORPORATE

- SXL dividend of \$2.7m

CONTINUING BUSINESSES, \$M		H1 FY17	H1 FY16	VARIANCE
REVENUE	NETWORK	578.2	610.7	-5%
	DIGITAL	78.3	79.6	-2%
	CORPORATE	2.7	-	-
TOTAL REV		659.2	690.3	-5%
COSTS	NETWORK	(468.8)	(490.2)	4%
	DIGITAL	(64.5)	(67.4)	4%
	CORPORATE	(6.4)	(6.0)	-7%
TOTAL COSTS		(539.7)	(563.6)	4%
EBITDA	NETWORK	109.4	120.5	-9%
	DIGITAL	13.8	12.2	+13%
	CORPORATE	(3.7)	(6.0)	-39%
SHARE OF ASSOCIATES ¹		0.3	1.3	-79%
GROUP EBITDA		119.7	127.9	-6%

Refer to glossary in Appendix 3 for definitions. Totals may not add due to rounding.

OPERATING CASH IMPACTED BY ONE-OFFS

CONTINUING BUSINESSES, \$M	H1 FY17	H1 FY16 ¹
EBITDA	119.5	126.6
WORKING CAPITAL	(23.8)	(17.2)
ASSOCIATES	0.7	1.5
OPERATING CASH FLOW, PRE SPECIFIC ITEMS, TAX AND INTEREST	96.4	110.9
CASH IMPACT OF WARNER ONEROUS PROVISION	(28.8)	(22.3)
OTHER SPECIFIC ITEMS	(5.9)	(1.9)
CASH PREPAYMENT TO NRL	(50.0)	-
INTEREST & TAX	(44.5)	(21.5)
DISCONTINUED BUSINESSES	-	1.2
STATUTORY CASH FLOW FROM OPERATING ACTIVITIES	(32.8)	66.5

NET DEBT – H1 FY2017

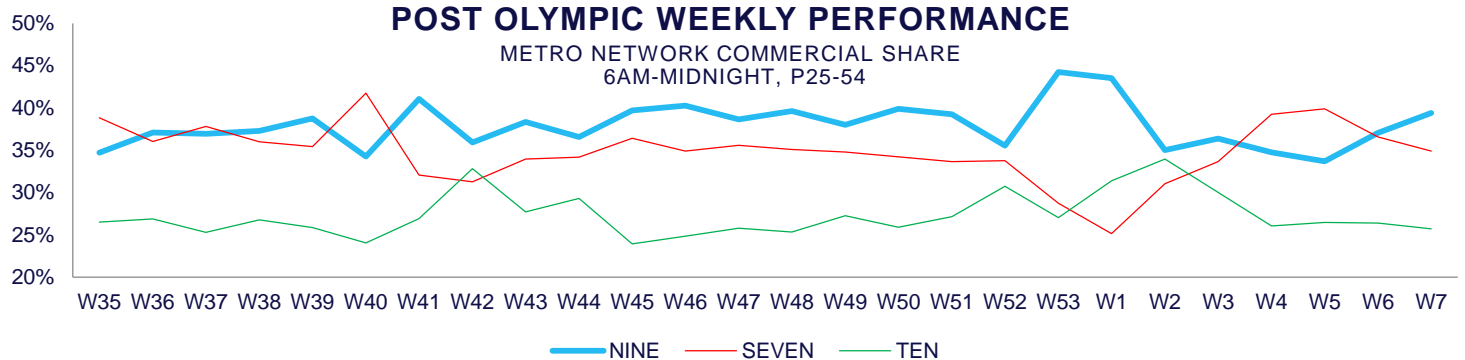


MICHAEL STEPHENSON
CHIEF SALES OFFICER



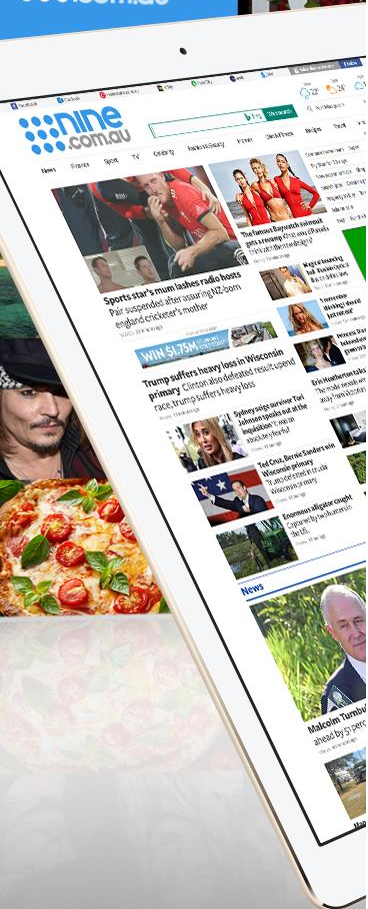
TELEVISION RE-DEFINED, ACCESS ANYWHERE

- Leading in key advertising demographics post Olympics¹
 - **No.1 25-54 | No.1 16-39 | No.1 GBCH**
- Total Television advertising market decline of 2.7%² and Metro FTA advertising decline of 4.5%² cross the half
- FTA Metro advertising revenue share² of 35.0%
- The successful launch of *Married at First Sight* has continued Nine's ratings leadership and growth in 2017
- Television market is showing early signs of recovery as brands re-invest
- AVOD revenue continues to grow as content is distributed via multiple channels allowing us to compete in the \$6bn video market
- Increased local content has created unprecedented demand for major sponsorship and integration opportunities
- *9Galaxy* will improve inventory utilization delivering greater returns for advertisers








¹ Network metro shares, 6am-midnight, people 25-4. All days post Olympics-31 December ² KPMG data

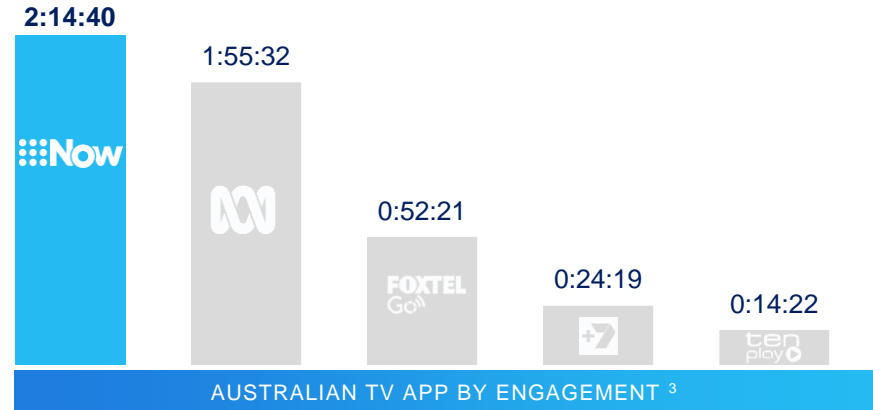
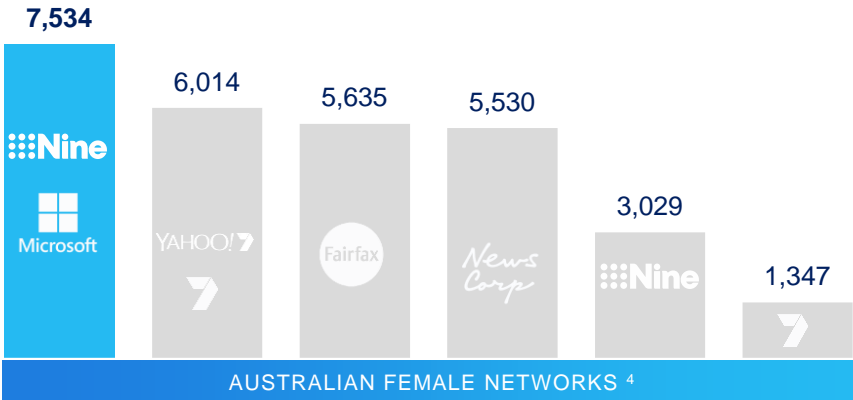
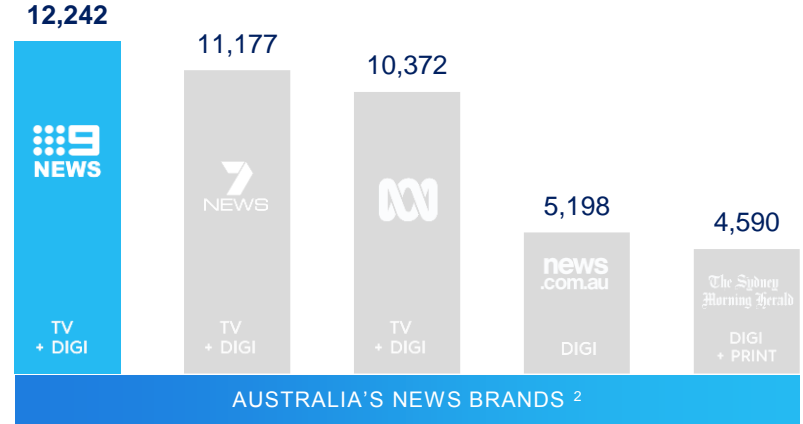
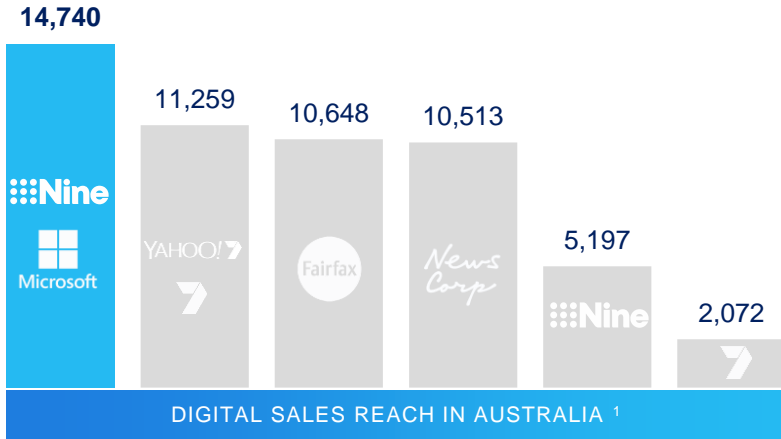
ALEX PARSONS
CHIEF DIGITAL & MARKETING
OFFICER



NINE DIGITAL

- O&O revenue growth offset by termination of DMA joint venture
- Firm cost control in evolving business
- Continued consumer product development along content pillars of News, Sport, Women's Lifestyle and Video
- 2.9m registered users for 9Now
- Strong growth in long form streams
- Realignment of commercial team continues

Total Gross Revenue		-2%
O&O Revenue		15%
EBITDA		13%
Long Form Video Streams		74%
Nine Data		2.9M



1 - Commercial reach based on Total Unique Audience; Nielsen Digital Ratings Monthly 6mth Avg. Jul-Dec 2016. 2 - Nielsen Consumer Media View, National Online Survey 10, 12mth rolling average. Jan-Dec 2016. TV based on watched in the last 7 days; Digital based on average site visitation in the past month. 3 - TV App by engagement based on AVOD Apps - Engagement (Time Spent per person) Nielsen Digital Ratings Monthly Dec 2016. 4 - Female audience based on Female Unique Audience; Nielsen Digital Ratings Monthly 6mth Avg. Jul-Dec 2016.



A STRONG START TO 2017

MARRIED AT FIRST SIGHT

Y-O-Y
GROWTH
AT 7.30PM

+15%

MAFS
GROWTH
WK1- WK3

+25%

SURVEY
WEEK1

#1

ALL DEMOS

Source: OzTam Overnight Data. Tear on Year growth based on 5 city Metro 19.30-21.00 timeslot Weeks 5-7 2017 where MAFS broadcast vs same nights 2016. Week on week growth based on week 5,2017 vs week 7, 2017. Survey week win based on Week 7, 2017, 18:00-MN, Overnight Commercial Share.



Q1

Q2



2017^{new}

Now

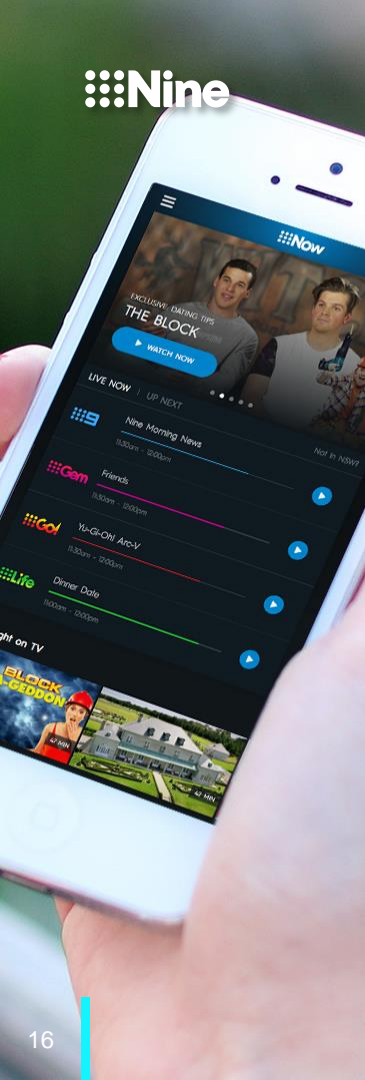
Q3

Q4

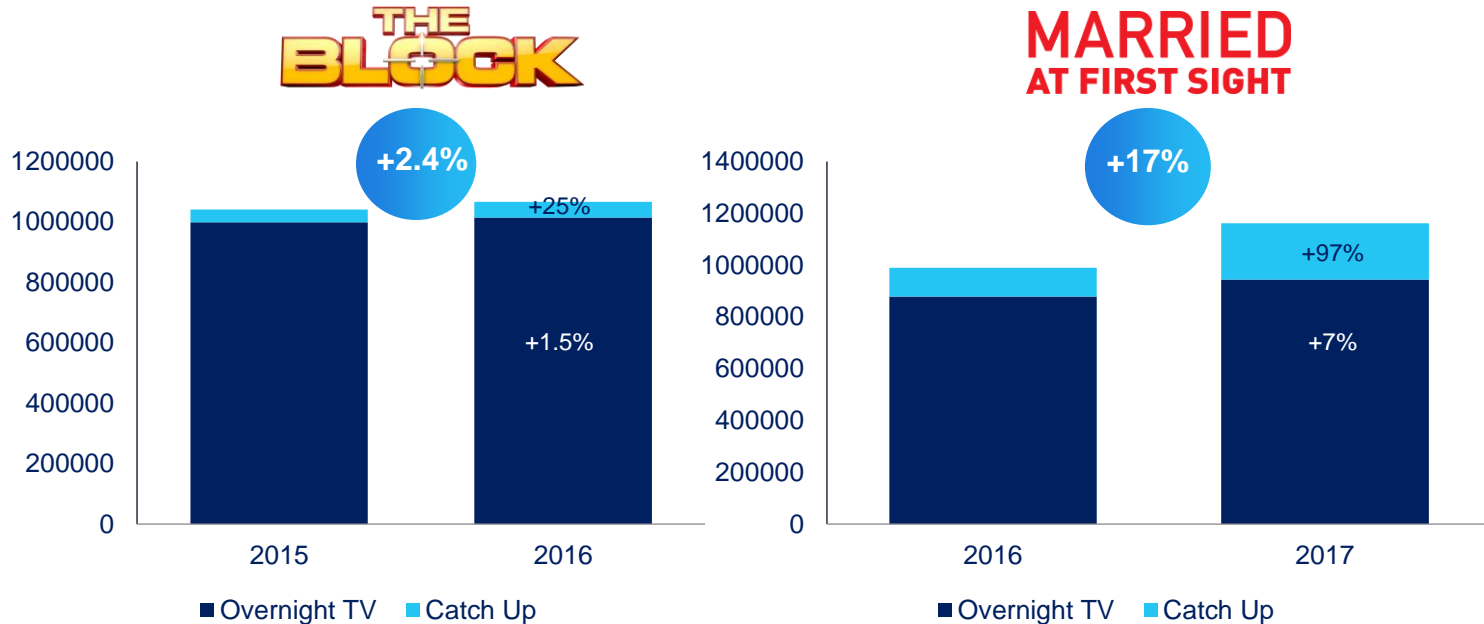


STREAMING – A GROWING BUSINESS

- *The Block* and *Married at First Sight* highlight value of strong local franchises
- Total audience growth with streamed viewing representing 5% and 19% respectively of total



TOTAL AUDIENCES – TV + DIGITAL



CREATE GREAT CONTENT | DISTRIBUTE IT BROADLY
ENAGAGE AUDIENCES & ADVERTISERS



**FTA
TELEVISION**

Australia's leading
FTA network in the
key advertiser
demographics



**DIGITAL
PUBLISHING**

Diverse portfolio of leading
digital platforms across
News, Sport, Entertainment
and Lifestyle



**ON
DEMAND**

Unique mix of leading local
advertising and subscription
based on demand television
services



**CONTENT
PRODUCTION**

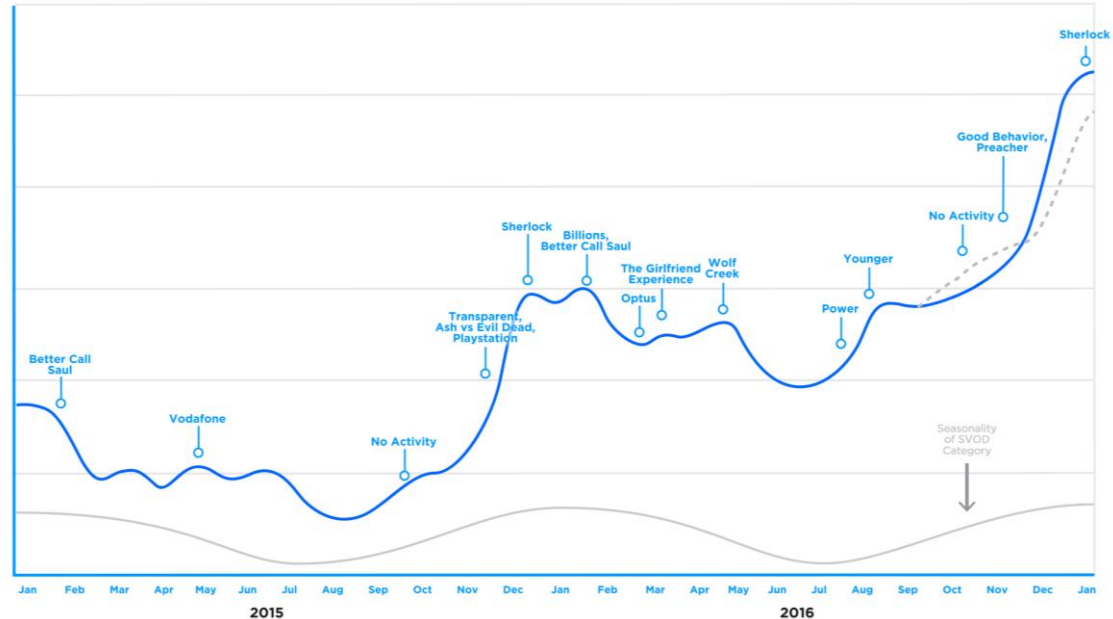
Television content
production and distribution

Stan.

LEADING LOCAL PLAYER IN SVOD MARKET

- Accelerating growth trajectory with more than 700,000 active subscribers
- January 2017 a record 135,000 gross adds
- Exceptionally strong slate for CY17 including *Twin Peaks*, one of the most anticipated shows of the year

GROSS SUB ADDS PER MONTH



BILLIONS

CURRENT TRADING & OUTLOOK

- Marked improvement in recent FTA ratings to drive medium term momentum
- Metro FTA market to be down in the low single digits for FY17.
- Regional markets expected to continue to slightly outperform, impact of new affiliate agreement will also help
- Second half revenue share expected to grow relative to pcp and H1FY17
- FY17 Free To Air costs expected to be down c1.5% on FY16
- Digital turning focus in H2 to more effective monetisation of content
- FY17 Group EBITDA to fall within current analysts' range for FY17 of \$158m to \$187m (average of \$175m)

PROGRESS ON STRATEGIC PRIORITIES



RATINGS MOMENTUM

- Ratings leadership post Olympics
- Strong start to season 2017
- Driven by 50% increase in premium local content hours in CY17

FIRM COST DISCIPLINE

- Group-wide costs down 4% in H1 FY17
- FTA costs forecast to be 1.5% lower in FY17. \$50m cost reduction target FY18/19
- Focussing on increasing the flexibility of the cost base

INNOVATIVE SALES APPROACH

- Investment in advanced advertising technology almost complete
- Increased local content creates greater integration opportunities

BROADENING REVENUE BASE

- Growth in *9Now* registered users and streams , yet to realise revenue potential
- *Stan* cementing its position as #1 local SVOD player
- *CarAdvice* and *9Honey* create foundations for new key verticals

CONTENT MONETISATION

- Ownership and exploitation of rights, both domestically and offshore
- Target 50% growth in production activity in FY17 (in-house and controlled)

APPENDICES

☐☐☐Nine APPENDIX 1: ADJUSTMENT FOR DISCONTINUED BUSINESS

\$M	REPORTED H1 FY17	REPORTED H1 FY16	LESS DISCONTINUED BUSINESSES	CONTINUING BUSINESS ¹ H1 FY16	CONTINUING BUSINESS ¹ VARIANCE
REVENUE	659.2	747.4	57.1	690.3	-5%
GROUP EBITDA	119.7	135.5	7.7	127.9	-6%
NET INTEREST ¹	(3.1)	(3.1)	(2.2)	(0.9)	+248%
TAX	(23.3)	(34.0)	(1.0)	(33.0)	+29%
NPAT, BEFORE SPECIFIC ITEMS	75.0	80.0	1.6	78.4	-4%

\$M	ACTUAL 31 DEC 2016	ACTUAL 30 JUN 2016	ACTUAL 31 DEC 2015	ACTUAL DEC- DEC VARIANCE
INTEREST BEARING LOANS AND BORROWINGS	300.8	220.5	0.1	+300.7
LESS: CASH AND CASH EQUIVALENTS	123.3	42.9	52.6	+70.7
NET DEBT/(CASH)	177.5	177.6	(52.5)	+230.0
NET LEVERAGE	0.9X	0.8X	NM	

Continuing Businesses – Excludes the operations of Nine Live

Contra – Advertising time offered in lieu of cash payment

Discontinued business – Nine Live

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

FTA – Free-to-air

FY – Full year

Group EBITDA – EBITDA plus share of Associates' net profit

H1 – 6 months to December

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 and the NRL prepayment

Pro Forma – Adjusted to reflect the impact of the sale of Nine Live, as if this had been effective for the whole reporting period and assuming the new capital structure in place for the full period

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

Specific Items – Amounts as set out in Notes 3(iv), 3(v) and 6(a)(i) of the 31 December 2016 Statutory Accounts

Statutory Accounts – Audited or auditor reviewed, consolidated financial statements

Statutory Net (Loss)/Profit – Net (Loss)/Profit for the period before other comprehensive loss

Statutory Reported – Extracted from the Statutory Accounts

SVOD – Subscription Video On Demand

The logo for the number nine, featuring a 3x3 grid of nine blue spheres to the left of the word "Nine" in a blue, sans-serif font.

Nine