



2016

Interim Results Briefing
25 February 2016

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Simon Kelly COO/CFO
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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.

Key Financials

- Profit After Tax from Continuing businesses of \$78.4m¹, down 1% on an earnings per share basis
- Double digit earnings growth in Digital
- Group costs down 5%¹
- Strong cash flow and conversion
- Net cash on balance sheet
- 90% increase in interim dividend to 8 cents per share, fully franked
- Follow-up \$150m buy-back announced

Operational highlights

- #1 ratings share for the half across all key demographics, including All People
- Finalised NRL rights agreement through 2022
- Secured extension to affiliate deal on improved terms
- Well advanced in transformation of Digital business
- Launch of 9HD, 9Life and 9Now creating world class consumer options
- Stan performing ahead of business model
- Continuing focus on shareholder returns

Solid result in challenging ad market

- Profit After Tax² of \$80.0m, down from \$88.8m
- Profit After Tax¹ from Continuing Businesses of \$78.4m
- Operating results impacted by soft FTA advertising environment
- Lower costs across each of TV, Digital and Corporate
- Specific Items mainly relating to discontinued businesses, restructuring and non-cash impairment
- Operating Free Cash Flow¹ conversion of 87%
- Interim dividend of 8.0 cents per share, fully franked
- Net cash of \$52m, despite buyback and dividends
- \$38m of cash deployed to on-market share buy back during the half

\$m	H1 FY16	H1 FY15	Variance
Revenue ¹	690.3	726.7	-5.0%
Group EBITDA ¹	127.9	135.0	-5.3%
NPAT ¹ (continuing businesses)	78.4	83.5	-6.1%
NPAT ² (including Nine Live)	80.0	88.8	-9.9%
Statutory Net Profit	320.8	91.0	nm
Operating Free Cash Flow ¹	110.9	100.7	+10.1%
Operating Free Cash Flow Conversion ¹	87%	75%	+12 pts
Earnings per Share, before Specific Items – cents ¹	8.8	8.9	-1.1%
Dividend per Share - cents	8.0	4.2	+90.5%
Reported, as at	31 Dec 2015	31 Dec 2014	Variance
Net Cash / (Debt), \$m	52.5	(490.5)	+\$543m
Net Leverage	nm	1.7X	nm
Interest Cover ²	43.1X	12.2X	nm

Specific Items



\$m	Reported H1 FY16
Inventory write-off	(12.1)
Non-cash impairment charge	(33.3)
Sale of Nine Live	410.2
Other	(9.4)
Total Specific Items	355.4
Tax impact of Specific Items	(114.6)
Net Specific Items	240.8

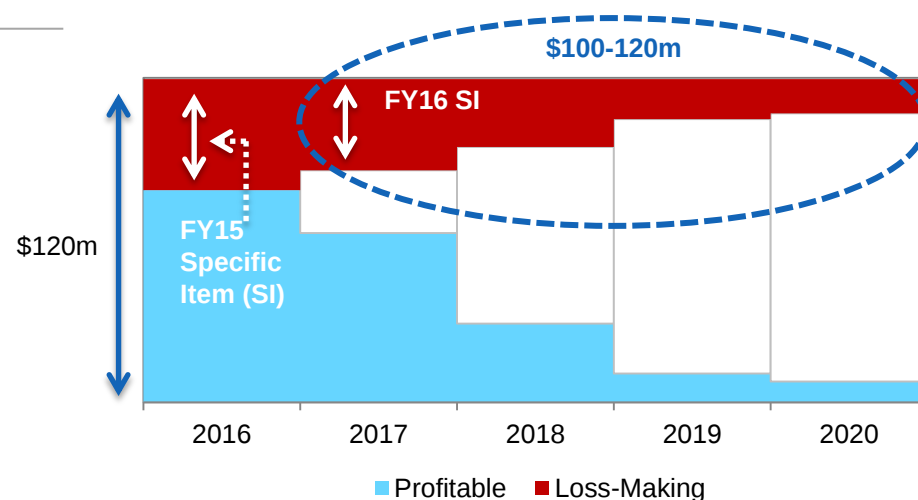
Relates to the provisioning for loss-making inventory under longer term international output deal

NBN reflecting regional market underperformance

Includes Daily Mail write-off and other restructuring costs

Inventory write-off	H1 FY16	Estimated FY16
Opening provision	41.7	41.7
Utilised	(22.3)	(43.0)
New	12.1	35.8
Closing provision	31.5	34.5

Illustrative P&L profile of expiring international output deal



Divisionally – Digital outperforming



Continuing businesses \$m		H1 FY16	H1 FY15	Variance
Revenue	Network	610.7	645.5	-5.4%
	Digital	79.6	81.3	-2.0%
Total Revenue		690.3	726.7	-5.0%
EBITDA	Network	120.5	131.8	-8.6%
	Digital	12.2	10.8	+13.4%
	Corporate	(6.0)	(9.3)	-34.9%
EBITDA		126.6	133.3	-5.0%
Share of Associates' NPAT		1.3	1.6	-23.3%
Group EBITDA		127.9	134.9	-5.2%

Metro FTA market down 0.4%;
regional market down 6.6%.
Metro FTA share of 38.2%

Strong growth in video and
search, offset by lower display
revenues

Costs down 4.6%

Strong cost focus. Pcp
benefitted from delayed
Microsoft changes and HWW
(sold in September 2014)

Reduced incentive payments
and overall cost focus

Focus on cash and capital management



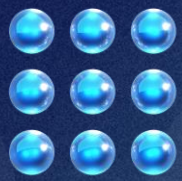
Continuing businesses	Pro Forma H1 FY16	Pro Forma H1 FY15	Variance
Operating Free Cash Flow, \$m	110.9	100.7	+\$10.2m
Operating Free Cash Flow Conversion	87%	75%	+12 pts
Capital Expenditure, \$m	20.2	11.4	+\$8.8m
As at	Reported 31 Dec 2015	Reported 31 Dec 2014	Variance
Net Cash/(Debt), \$m	52.5	(490.5)	+\$543.0m

Objectives

- Maintain an efficient, but conservative capital structure
- Retain balance sheet flexibility
- Operating Free Cash Flow Conversion of 80-90%
- 80-100% dividend payout ratio, fully franked

Outcomes and Actions

- Interim dividend of 8.0 cents per share, fully franked
- \$100m of the initial on-market buy-back completed
- Second \$150m on-market buy-back announced
- Willoughby land sale - \$135m net proceeds to complete in October 2017
- Ongoing program of acquiring outstanding employee entitlements on-market to remove dilution impact



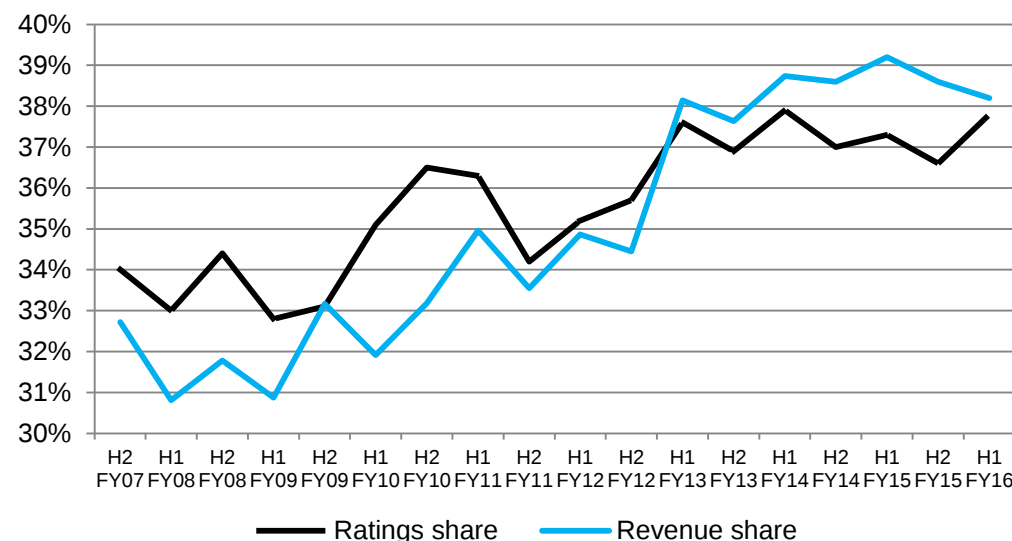
Chief Revenue Officer Peter Wiltshire





- FTA Metro ad market decline of 0.4%¹
- FTA Regional ad market down 6.6%¹ across the six months
- Market leadership in all key advertising demographics²
 - #1 25-54 • #1 16-39
 - #1 18-49 • #1 All People
- FTA Metro advertising revenue share¹ of 38.2%
- Disappointing cricket season, with c1/3 of all days lost due to rain/short tests
- Longer term:
 - Agnostic approach to content platform
 - Innovation in audience measurement system
 - Ad sales integration complete
 - Trading automation development well progressed
 - Diversification of cross-platform content offering

Nine's Metro Ratings² and Revenue¹ Share



Calendar 2016 programming line-up

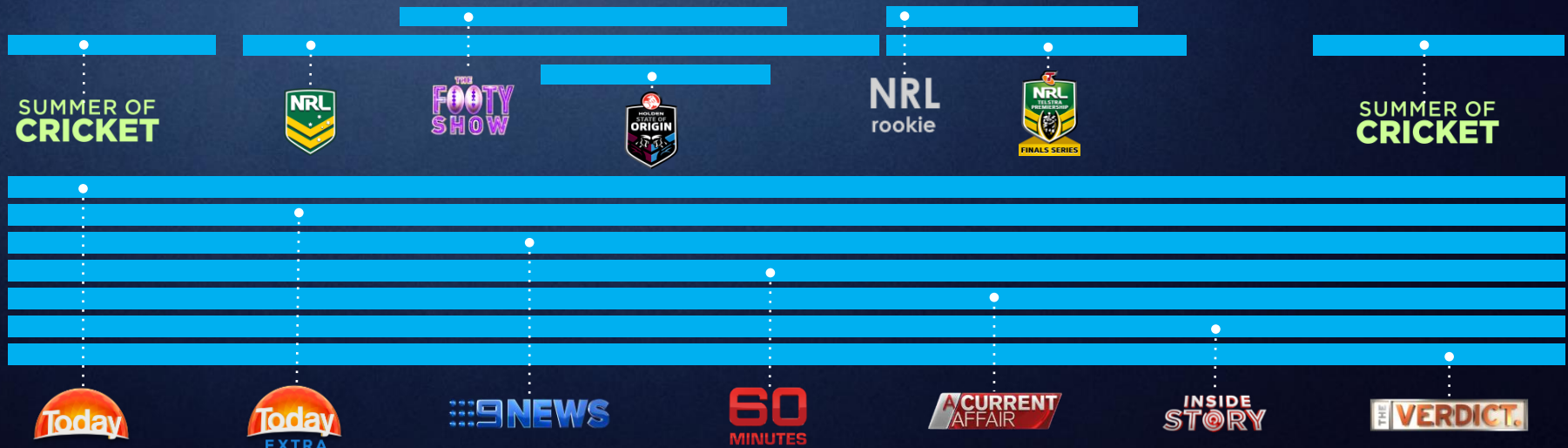


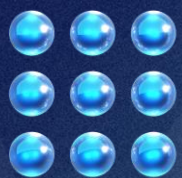
Q1

AUSTRALIAN PRIME TIME DRAMA, REALITY & ENTERTAINMENT

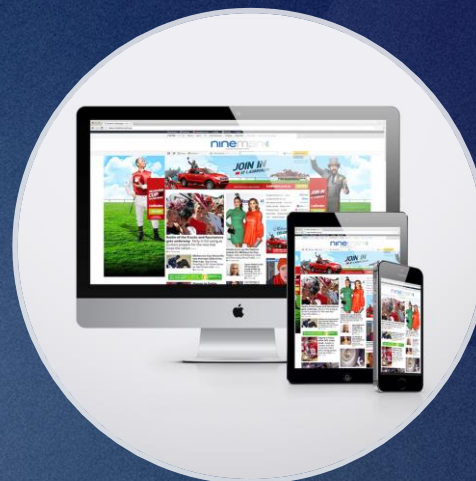
NEWS, CURRENT AFFAIRS & SPORT

Q4





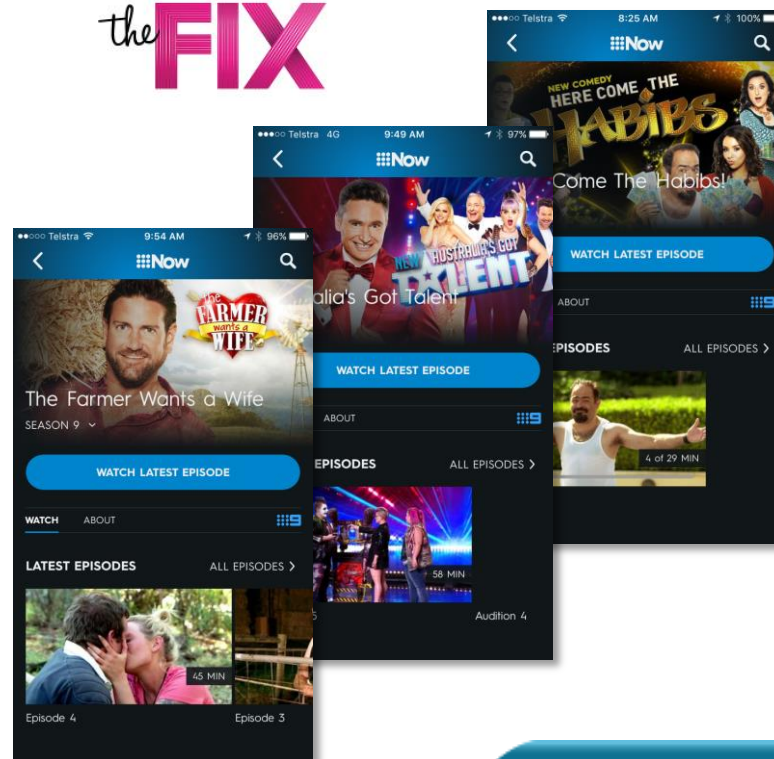
Chief Digital and Marketing Officer Alex Parsons



Strong operational performance from Digital



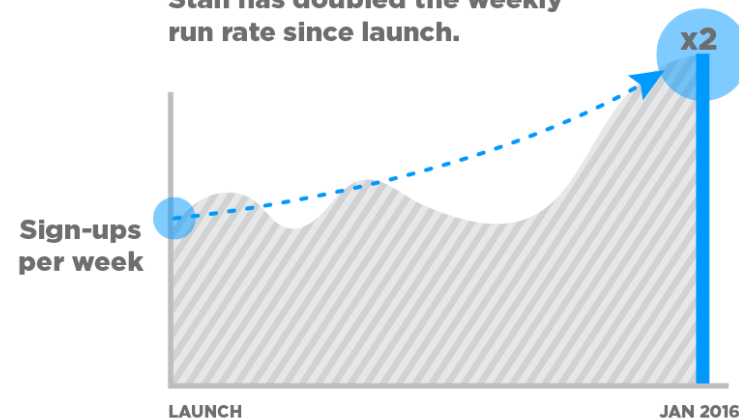
- Double digit earnings growth with strong margin improvement
- Australia's leading multi-medium new brand, 9News and an innovative News Alerts app
- The Fix, Coach and Honey #1 brands in their respective categories¹
- Launched 9Now, a world class streaming and AVOD product, enabling all Australians to consume our content
- Launch of My9 data proposition supported by 9Now – almost 500k members in first four weeks
- 185m streams, or more than 1m streams each day for the half



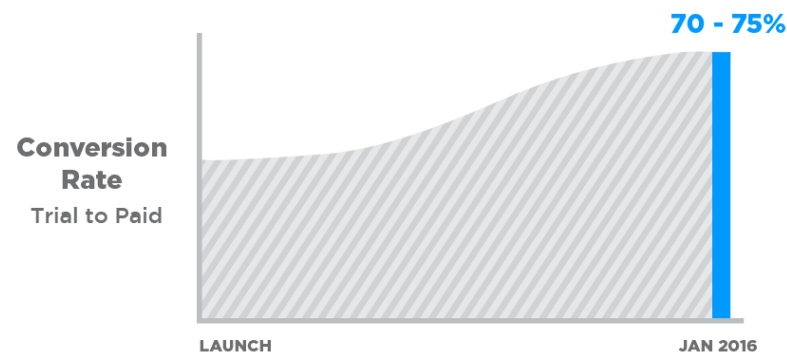


- Key milestones/achievements:
 - Signed up more than 700,000, approaching 400,000 active subs
 - Available on all major devices
- Leading line-up of first run, exclusive and original programming
- Highly differentiated content offering with long term exclusive rights to the world's best TV series and world class local productions
- Outlook:
 - Sign-up momentum continuing
 - Reach cash flow break-even during FY18

Stan has doubled the weekly run rate since launch.



Conversion rate has improved to a current level of 70 - 75%



- Challenging Q3 market – very short and soft
- Metro FTA market expected to be flat to marginally down over FY16
- Regional markets expected to continue to under-perform, offset by enhanced affiliate agreement
- Competitive environment and timing of major events will impact on revenue share over H2
- Cost reduction initiatives in place to offset impact of weak revenue environment - FY16 FTA costs now expected to be down by c4%
- Strong content and cost performance from Digital with focus on increasing top line returns and monetising the newly launched 9Now

Key strategic initiatives

NEC Group core focus

- World class, New platforms
 - Streaming and AVOD service, 9Now
 - SVOD - Stan
- Broadening content
 - End of WB contract reducing inefficient content spend
 - Divert savings to higher performing local content
 - Focus on profitable content integration across TV and Digital
 - New channel – 9Life
- Grow other revenues
 - Own and control IP
 - Increase in-house production capabilities
 - Execute opportunities to monetise IP
- Maximising CPMs via
 - Technological change – automated trading
 - Utilisation of data creates targeting opportunities
- Ongoing cost focus
 - Both NEC specific and industry-wide opportunities

Regulatory opportunities

- Potential for regulatory change to impact on licence fees
- Reach rule/affiliate returns

Capital Management

- \$100m of \$150m buy-back completed
- Second \$150m buy-back announced
- Payout ratio of 80 - 100%, fully franked
- Sale of Willoughby site to complete August 2017

Corporate

- Assessment of any strategic/parallel investment opportunities



Appendices



- Appendix 1: Adjustment for discontinued businesses
- Appendix 2: Divisionals
- Appendix 3: Cash flow
- Appendix 4: Cash flow reconciliation
- Appendix 5: Debt and leverage calculations
- Appendix 6: Glossary

Appendix 1: Adjustment for discontinued businesses



\$m	Reported H1 FY16	Less discontinued businesses	Pro Forma H1 FY16	Reported H1 FY15	Less discontinued businesses	Pro Forma H1 FY15	Pro Forma Variance
Revenue	747.4	57.1	690.3	829.2	102.5	726.7	-5.0%
Group EBITDA	135.5	7.7	127.9	171.0	36.0	135.0	-5.3%
Net Interest ¹	(3.1)	(2.2)	(0.9)	(14.0)	(13.3)	(0.7)	+21.8%
NPAT, before Specific Items	80.0	1.6	78.4	88.8	5.3	83.5	-6.1%
Operating Free Cash Flow	115.7	4.8	110.9	133.2	32.5	100.7	+10.1%
Capital Expenditure and Purchased Ticketing Rights	(31.5)	(11.3)	(20.2)	(26.0)	(14.6)	(11.4)	+76.8%
Operating Free Cash Flow, after Capital Expenditure and Purchased Ticketing Rights	84.2	(6.5)	90.7	107.2	17.9	89.3	+1.6%
Net Cash	52.5	na	52.5	(490.5)	na	na	na

Appendix 2: Divisionals



\$m		H1 FY16	H1 FY15	Variance
Revenue	Network	610.7	645.5	-5.4%
	Digital	79.6	81.3	-2.0%
	Live	57.1	102.5	-44.3%
Total Revenue		747.4	829.2	-9.9%
Total Revenue, ex discontinued businesses		690.3	726.7	-5.0%
EBITDA	Network	120.5	131.8	-8.6%
	Digital	12.2	10.8	+13.4%
	Corporate	(6.0)	(9.3)	-34.9%
	Live	7.7	36.0	-78.7%
EBITDA		134.3	169.3	-20.7%
EBITDA, ex discontinued businesses		126.6	133.3	-5.0%
Share of Associates' NPAT		1.3	1.6	-23.3%
Group EBITDA		135.5	171.0	-20.7%
Group EBITDA, ex discontinued businesses		127.9	134.9	-5.2%

Appendix 3: Cash flow



\$m	Reported H1 FY16	Less discontinued businesses	Pro Forma H1 FY16	Reported H1 FY15	Less discontinued businesses	Pro Forma H1 FY15	Variance
EBITDA	134.3	7.7	126.6	169.3	36.0	133.3	-6.7
Change in working capital	(20.1)	(2.9)	(17.2)	(37.5)	(3.6)	(33.9)	+16.7
Distributions from Associates	1.5	0.0	1.5	1.3	-	1.3	+0.2
Operating Free Cash Flow	115.7	4.8	110.9	133.2	32.5	100.7	-10.2
Capital Expenditure and Purchased Ticketing Rights	(31.5)	(11.3)	(20.2)	(26.0)	(14.6)	(11.4)	-8.8
Operating Free Cash Flow, after Capital Expenditure and Purchased Ticketing Rights	84.2	(6.5)	90.7	107.2	17.9	89.3	+1.4

Appendix 4: Cash flow reconciliation



\$m	Reported H1 FY16	Adjust for Discontinued businesses	Pro Forma H1 FY16	Reported H1 FY15	Adjust for Discontinued businesses	Pro Forma H1 FY15
Statutory cashflows from operating activities	66.5	1.1	65.3	133.1	40.4	92.7
Statutory interest received	(1.1)	(0.1)	(0.9)	(2.3)	(0.8)	(1.5)
Statutory interest and other costs of finance paid	12.0	-	12.0	4.4	-	4.4
Statutory income tax	10.4	-	10.4	4.3	-	4.3
Statutory Free Cash Flow	87.7	1.0	86.8	139.5	39.6	99.9
Cash held on trust	3.8	3.8	-	(7.1)	(7.1)	-
Specific Items and other adjustments	1.9	-	1.9	0.8	-	0.8
Cash impact of stock provisions	22.3	-	22.3	-	-	-
Operating Free Cash Flow	115.7	4.8	110.9	133.2	32.5	100.7

Appendix 5: Debt and leverage calculations



As at, \$m	Actual 31 Dec 2015	Actual 31 Dec 2014	Actual Dec- Dec Variance
Interest bearing loans and borrowings	(0.1)	(585.0) ¹	-584.9
Less: Cash and cash equivalents	52.6	241.6	-189.0
Plus: Cash held on trust	-	(133.6)	-133.6
Plus: Deferred payment related to Mi9	-	(13.6)	-13.6
Net Cash/(Debt)	52.5	(490.5)	+543.0
Net Leverage	nm	1.7X	nm

Appendix 6: Glossary



- 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 – six months to 31 December
- Interest Cover – Group EBITDA divided by net interest expense for the period
- 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 plus deferred purchase consideration on the acquisition of controlled entities, net of related mark-to-market hedge instruments
- 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
- Operating Free 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
- Operating Free Cash Flow Conversion – Operating Free Cash Flow divided by Group EBITDA
- Pro Forma – adjusted on a basis consistent with that reported in the prior period to reflect the impact of acquisitions, divestments and/or other transactions as if these had been effective for the whole reporting period, before Specific Items and assuming the new capital structure in place for the full period
- Purchased Ticketing Rights – the amount paid to venue owners or promoters to secure exclusive ticketing rights (relates to Nine Live only)
- 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 2015 Statutory Accounts
- Statutory Accounts – audited or auditor reviewed, consolidated financial statements
- Statutory Net Profit – Net Profit for the period before other comprehensive loss
- Statutory Reported – extracted from the Statutory Accounts
- SVOD – Subscription Video On Demand





2016