



FY18 RESULTS BRIEFING

23 August 2018

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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.



Hugh Marks
Chief Executive Officer

HIGHLIGHTS FY18



POSITIVE FTA
RATINGS & REVENUE
SHARE MOMENTUM



6.5M+ REGISTERED USERS ON
9NOW, REPORTING 90%
REVENUE GROWTH



STRONG SECOND HALF
SUBSCRIBER GROWTH AT
STAN TO 1.1M-PLUS ACTIVES



46% GROWTH IN DIGITAL
PUBLISHING EBITDA, EX
BING & 9NOW



ROLL-OUT OF AUTOMATED
SALES PLATFORM



BUILD OUT OF FIRST
PARTY DATA BASE



Greg Barnes
Chief Financial Officer

Momentum Across All Businesses

**GROUP
REVENUE
+6%**

**GROUP
EBITDA
+25%
TO \$257M**

**DPS
10.0 CPS**

**NET DEBT
\$121M**

\$M	FY18	FY17	VARIANCE
REVENUE ¹	1,318.2	1,237.8	+6%
GROUP EBITDA¹	257.2	205.6	+25%
EBIT ¹	220.5	170.3	+29%
NPAT¹	156.7	123.6	+27%
STATUTORY NET PROFIT/(LOSS)	209.7	(203.4)	NM
BASIC EARNINGS PER SHARE¹	18.0	14.2	+27%
EARNINGS PER SHARE, STATUTORY - CENTS	24.1	(23.4)	NM
DIVIDEND PER SHARE – CENTS	10.0	9.5	+0.5C



Television Results Underpinned by Improved Market and Share

**METRO
FTA
MARKET
+2.5%¹**

**NINE'S
SHARE 38.6%¹
(+2.9% PTS)**

**23%
GROWTH IN
PREMIUM
REVS**

**FTA
COSTS +2%[^]**

[^]1% EX LICENCE
FEE/EXTRA WEEK
IMPACT

\$M		FY18	FY17	VARIANCE
REVENUE	PREMIUM AD REVENUE	175.5	143.0	+23%
	OTHER ²	976.9	937.4	+4%
TOTAL REV		1,152.4	1,080.4	+7%
TOTAL COSTS		914.2	892.1	+2%
EBITDA	TELEVISION	238.2	188.3	+26%

Refer to glossary in Appendix 4 for definitions. Totals may not add due to rounding.

¹ Think TV, 12 months to June 2018 ² Includes traded ad revenue, affiliates, sub-licence and other revenue

Digital Growth Driven by 9Now

**9NOW
STREAMS
+93%**

**9NOW
REVENUE
+89%¹

EBITDA
~3X¹**

**DIGITAL
PUBLISHING
REVENUE
+5%**

**TOTAL
DIGITAL
COSTS
+5%**

\$M		FY18	FY17	VARIANCE
REVENUE	9NOW	40.8	21.6	+89%
	DIGITAL PUBLISHING	125.0	119.0	+5%
	OTHER ²	0	14.1	-
TOTAL REV		165.8	154.7	+7%
TOTAL COSTS		131.7	125.8	+5%
EBITDA	9NOW	19.4	5.3	+266%
	DIGITAL PUBLISHING	14.7	10.1	+46%
	OTHER ²	0	13.6	-
TOTAL EBITDA		34.1	28.9	+18%

Subscribers Race Through One Million

**ACTIVE
SUBS
1.1M+**

AUGUST 2018

**SUBSCRIPTION
REVENUE
+72%**

FY18 VS FY17

**OPERATING
COSTS
+23%**

FY18 VS FY17

**EBITDA LOSS
DOWN 50%**

Q4 VS Q1

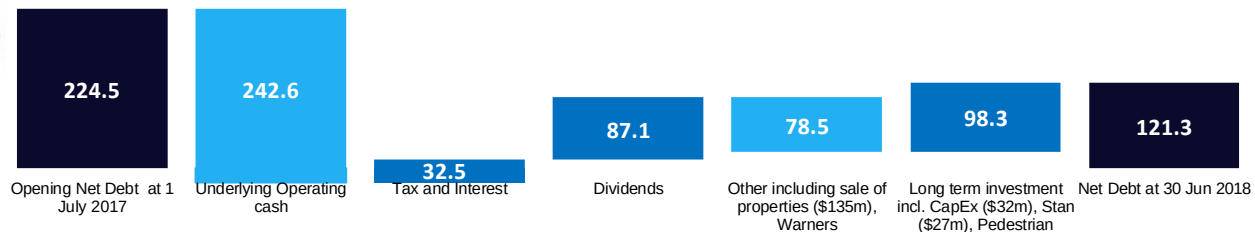
- More than 1.1m active subscribers after record May-June-July adds
- Clear local leader in market, with engaged and growing audiences
- Losses consistently declining with Q4 less than 50% of Q1 EBITDA loss
- Strong content line-up to come in H2 CY18 including *Better Call Saul*, *Who Is America*, *Escape From Dannemora* and *Bloom*
- Subscriber base offers content creators/owners an attractive path to market



Strong Cashflow on Improved Working Capital

\$M	H1 FY18	H2 FY18	FY18	FY17
EBITDA	180.9	75.2	256.1	205.4
WORKING CAPITAL	0.6	(19.7)	(19.1)	(62.6)
LICENCE/SPECTRUM FEE TIMING	(1.3)	5.9	4.6	(34.8)
ASSOCIATES	0.5	0.5	1.0	1.2
OPERATING CASH FLOW, PRE SPECIFIC ITEMS, TAX AND INTEREST	180.7	61.9	242.6	109.2
CASH IMPACT OF WARNER ONEROUS PROVISION	(33.0)	(10.0)	(43.0)	(47.5)
OTHER SPECIFIC ITEMS	(5.3)	(0.7)	(6.0)	(7.1)
INTEREST & TAX	(13.1)	(19.4)	(32.5)	(58.8)
STATUTORY CASH FLOW FROM OPERATING ACTIVITIES	129.3	31.8	161.1	(4.2)

Net Debt – June 2018





Michael Stephenson
Chief Sales Officer

Premium Integrated Partnerships Driving Revenue Growth

**200+
MAJOR
ADVERTISERS**

**+23%¹
REVENUE
GROWTH**

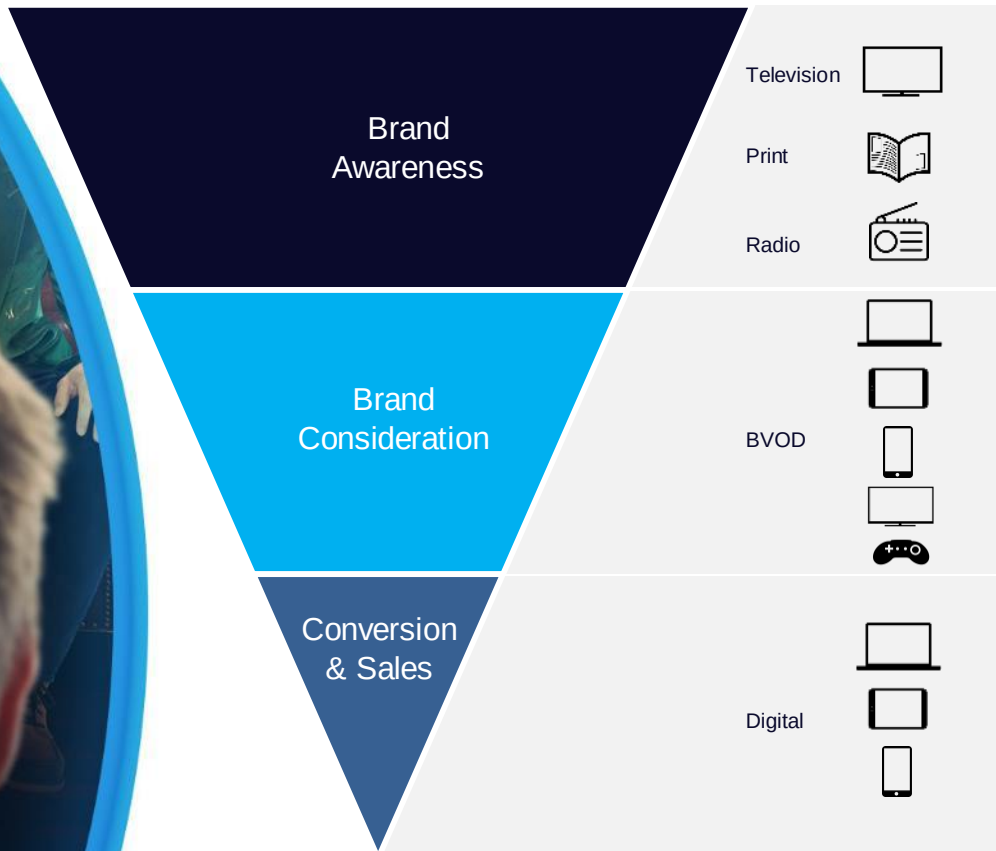
**+15%¹
GROWTH IN
SPORT**

**+53%¹
GROWTH IN
ENTERTAINMENT**

- Premium revenue now accounts for 15% of total revenue
- Over 100 new premium relationships up year on year
- Premium digital and IP revenue growing



Focussed on Delivering Full Funnel Marketing Solutions



Advanced Audience Targeting
(Virtual OZ)



Addressable Advertising
(6.5 million declared IDs)

Advanced Audience Targeting Delivering New Revenue Growth



Advanced Audience Targeting

Delivery of more targeted and more effective advertising against audience segments across television and 9Now using Virtual OZ

Addressable Advertising

Delivery of addressable advertising across device using 6.5 million declared 9Now users

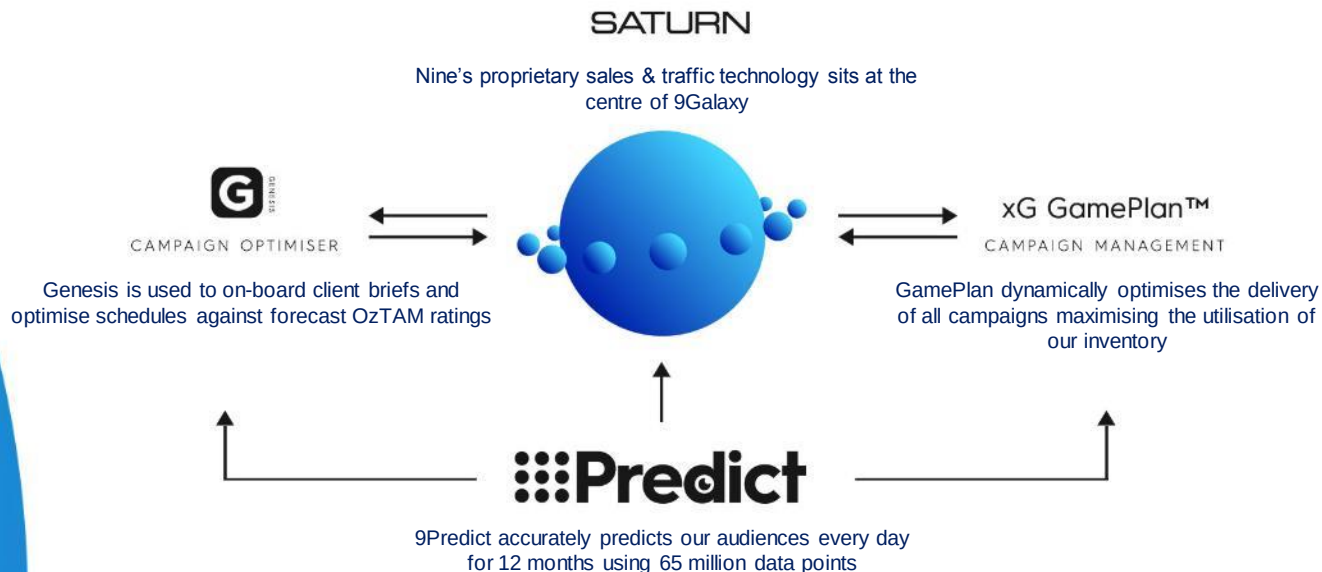
oztam
measuring audiences

VirtualOZ

Nine | userid



9Galaxy – The Most Advanced Buying Experience



Development Roadmap



9Galaxy 2.0
BVOD integrated into 9Galaxy



9Galaxy 3.0
Virtual OZ plus Nine IDs to be added to enable audience based buying



9Galaxy 4.0
New technology to enable trading across all Nine inventory sources



Hugh Marks
Chief Executive Officer



Primary Drivers of Value Creation

Premium advertising solutions at scale

- Ability to trade integrated solutions across key platforms
- Underpinned by a significant shared first party data proposal

Domain

- Significant opportunity given market share and share discount to market leader
- Enhanced by Nine's proven brand-building capabilities
- Continue to drive growth of transactional businesses

News

- Distinct brands utilising the resources of the leading video-led news room in Australia
- With distribution capabilities across TV, digital, print and radio enabling incremental investment in content

Stan

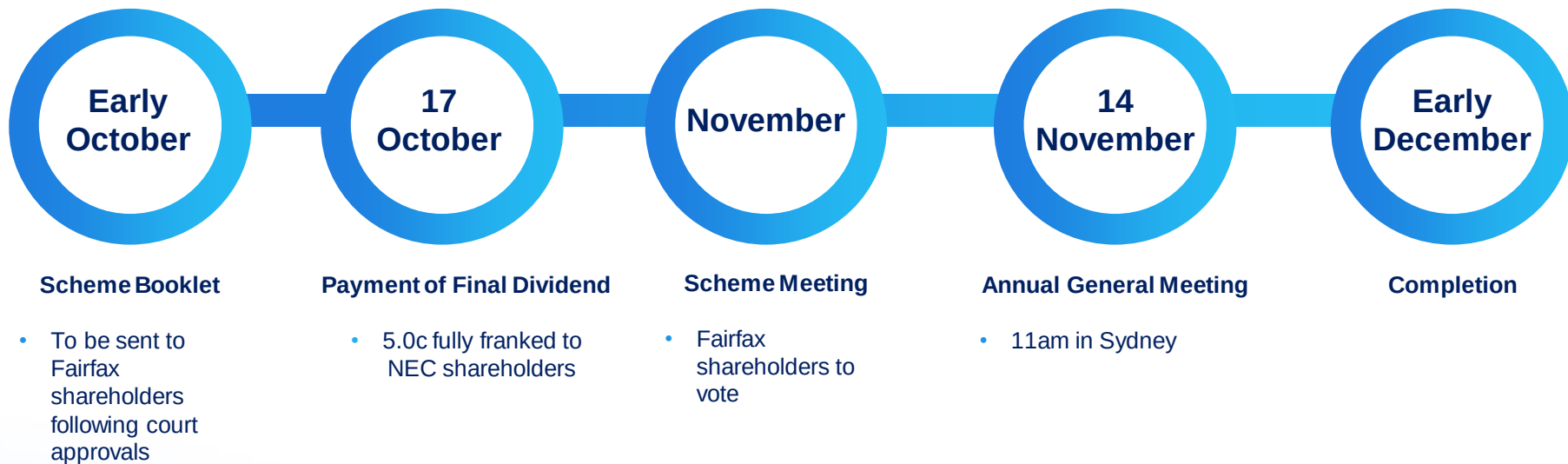
- Enables optimisation of content acquisition and distribution across FTA, BVOD, SVOD and digital

Cost synergies

- Annualised, pro forma estimate of at least \$50m, implemented over two years

Changing mix of earnings with an increasing contribution from high growth assets

Time line to Nine-Fairfax merger completion



Current Trading

Metro September Qtr FTA revenues are trading ~1% ahead of same time last year
Core Sept Qtr digital revenues¹ are pacing ~15% ahead for the same period

Outlook for FY19



FTA Television

- Metro market forecast ~1% growth in FY19
- Share growth on FY18
- Costs down 2-3%



9Now

- Positive momentum at both industry and share level
- Introduction of targeting capabilities in August 2018



Digital Publishing

- Growth in Digital Publishing across all verticals



Group EBITDA

- Between \$280m-\$300m



Appendix

Appendix 1. Specific Items

\$M	H1 FY18	H2 FY18	FY18
PROFIT ON DISPOSAL OF PROPERTIES	78.2	(1.3)	76.9
RESTRUCTURING COSTS	(3.2)	(2.6)	(5.8)
DERIVATIVE REVALUATION	(12.9)	(1.8)	(14.7)
OTHER	-	0.3	0.3
TOTAL SPECIFIC ITEMS BEFORE TAX	62.1	(5.4)	56.7
TOTAL TAX RELATING TO SPECIFIC ITEMS	(4.2)	0.4	(3.8)
NET SPECIFIC ITEMS AFTER TAX	57.9	(5.0)	52.9

Appendix 2. Sports Contracted Rights Costs

\$M	FY18	FY19	FY20	FY21	FY22	FY23
NRL						
CASH COSTS	(66.8)	(96.3)	(111.2)	(107.5)	(116.2)	(30.0)
P&L COSTS	(94.8)	(102.5)	(117.5)	(120.0)	(122.5)	(65.0)
FOXTEL SIMULCAST REVENUE	9.0					
TENNIS (PRE ANY SALE OF INCREMENTAL RIGHTS)						
CASH COSTS	(10.0)	(38.5)	(60.0)	(60.0)	(60.0)	(60.0)
P & L COSTS		(48.5)	(60.0)	(60.0)	(60.0)	(60.0)
CRICKET						
CASH COSTS	(80.0)					
P & L COSTS	(91.0)					

Appendix 3. Debt and Leverage Calculations

\$M	30 JUN 2018	31 DEC 2017	30 JUN 2017
INTEREST BEARING LOANS AND BORROWINGS	(157.6)	144.1	291.2
LESS: CASH AND CASH EQUIVALENTS	36.4	97.8	66.7
NET DEBT/(CASH)	121.3	46.2	224.5
NET LEVERAGE	0.5X	0.2X	1.1X

Appendix 4. Glossary

ARPU – Average Revenue Per User

BVOD – Broadcast Video on Demand

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

Encore – Any broadcast on any Nine channel, post the initial run

FTA – Free-to-air

FY – Full year

Group EBITDA – EBITDA plus share of Associates' net profit

H1 – 6 months to December

LF – Long form

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 the Warners onerous provision

Premium Revenue – premium revenue includes branded content, product and brand integration, the use of IP, talent and social, primarily linked to key entertainment franchises and sport

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

SF – Short form

Specific Items – Amounts as set out in Note 1.4 of the 30 June 2018 Statutory Accounts

Statutory Accounts – Audited or auditor reviewed, consolidated financial statements

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

Statutory Reported – Extracted from the Statutory Accounts

SVOD – Subscription Video On Demand

VPM – Video Player Measurement. Captures minute by minute data relating to online TV content played on demand or live streamed

