



<b>Company</b>	Nine Entertainment Co Holdings Limited
<b>Code</b>	NEC
<b>Meeting</b>	AGM
<b>Date</b>	14 November 2020
<b>Venue</b>	Online
<b>Monitor</b>	Ian Anderson with Don Adams

<b>Number attendees at meeting</b>	4 voting shareholders and 1 non-voting. Over 200 viewers.
<b>Number of holdings represented by ASA</b>	58
<b>Value of proxies</b>	\$861,900
<b>Number of shares represented by ASA</b>	344,760
<b>Market capitalisation</b>	\$4.2B – on day of meeting
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, Chair Peter Costello and Head of Investor Relations, Nola Hodgson

## The Future is Digital

The chair, Peter Costello, opened the fully virtual meeting with instructions regarding the technology and proceeded to introduce the directors who did not appear on screen. He then turned to the results describing a difficult year due to the COVID-19 pandemic and saying that the result was “pleasing in the circumstances”, with FY20 EBITDA close to \$400M, down 16% on FY19 on a pro forma basis. He said the result demonstrated the benefits of the diversification of the business as although advertising revenue was down, ratings and audiences were up across all platforms with digital contributing increasing proportions of revenue.

Mr Costello then addressed some long term challenges to the business which were being addressed including the cost of sports rights and market power of global platforms such as Google and Facebook and commended the ACCC and the government on their firm positions on the latter. He concluded by confirming the company’s intention to maintain a payout ratio of 60-80% of Net Profit after Tax through the business cycle and thanked Mr Marks and his team for their efforts during the year.

The CEO, Hugh Marks reviewed the financial results in more detail including a specific items loss of approx. \$700M relating largely to write downs of goodwill in Nine’s free to air (FTA) business and in Domain. His explanation was accompanied by a series of graphics which were somewhat

difficult to read on screen. The principal message was the continued growth in the digital side of the business vindicating the decision four years ago to invest in Stan, 9Now, 9Galaxy and subsequently in Fairfax.

He then moved to current trading conditions saying that the underlying ad market and Nine's share of it had improved significantly since the last market update in August. He now expected Nine's December quarter to show growth in FTA revenue around 15% with metro FTA revenues in the December half broadly flat on the prior corresponding period (pcp) and 9Now revenues up around 25% on the pcp. First half FTA costs are expected to be down by double digits although second half costs will increase due to the return of NRL broadcasting.

Mr Marks then concluded with a review of the overall business as it now stands saying that the current business should not be underestimated with its variety of platforms allowing it to benefit from continued growth in television consumption as well as shifts in viewer behaviour. Immediate targets are to reduce the cost base of the legacy broadcast and publishing assets, grow digital assets to produce at least 60% of EBITDA, increase subscription revenues to 35% of group revenues and to 30% from Video on Demand.

The addresses by Mr Costello and Mr Marks, as well as their slides and the voting outcome are available on <https://www.nineforbrands.com.au/investors/>.

The REM, re-election of Mr Costello and change to the constitution resolutions all passed with greater than 98% majorities. The two resolutions relating to rights issues to Mr Marks, one of which ASA voted against, were passed with around 92% in favour.

Questions were dealt with under each item of business but were not always read out in full or attributed. Subjects varied from educational TV programs, taking Stan international, Alan Jones, provisions for defamation actions and women in leadership positions.

Mr Costello dealt directly with two questions from ASA without reading out the actual wording of the questions. For a question on the digital objectives for Mr Marks additional LTI he said that the actual objectives were commercial-in-confidence but that they involved firm targets such as digital revenue growth.

In relation to addressable advertising, he advised that a data unification project had brought together all subscriber IDs into one database with over 13 million unique user IDs. They shared this data with "data partners" under rigorous contracts with privacy protection. NEC also buys in consumer data from external agencies such as Equifax and Quantum.

The meeting closed in just over one hour.

On the afternoon of Saturday 14<sup>th</sup> November, just two days after the AGM, Hugh Marks announced his resignation in an email to NEC staff. He will stay in his position while a successor is sought. The reasons are not clear, but they centre around his relationship with a former NEC executive and also his feeling that he was close to completing his job at NEC in any case.