CURRENT TRADING AND OUTLOOK

12 November 2020: Nine Entertainment Co. (ASX: NEC) is holding its Annual General Meeting in Sydney today. At that meeting, the following comments will be made about current trading and the outlook for FY21.

` At the August result, we commented that we expected Q1 FTA revenue to be down around 15%, an estimate which proved broadly correct.

However, since the end of September, the FTA advertising market and Nine's share of that market, have both improved significantly, and with the added benefit of major event timing (State of Origin and NRL Finals), Nine's December quarter is now expected to show growth in Metro FTA advertising revenue of around 15%.

Meaning that we now expect Nine's:
- Metro TV ad revenues in the December half to be broadly flat on the prior period, and
- 9Now revenues in the December half to be up around 25% on the prior period.

First half FTA costs will be down in the double digits. We do expect second half FTA costs to increase on last year's as a result of the return of the NRL, which was absent through the second half of FY20, as well as some reinvestment in content to support the continued recovery of advertising markets. Overall, we are expecting full year Free To Air costs to be down around 4% on FY20, prior to any revenue-related costs.

As Domain disclosed at their AGM earlier this week, trading for the first four months of FY21 has improved on late FY20, despite the lockdown in Melbourne. Digital revenue for the period to 31 October is up by around 4%, with total revenue down 7%. For the first half, costs are expected to be down by 12%, albeit much of this decline due to JobKeeper and the Group's temporary salary reduction in return for shares program.

The trends for Nine's other businesses, cited at the FY20 result, remain.

As a result, at this stage, Nine's first half EBITDA, before Specific Items, is currently expected to be up by around 30%, compared to $251m on a post AASB 16, pre Specific Items basis for continuing businesses, in the previous corresponding period.

We are certainly trading more positively than we would have anticipated just three months ago and are very pleased with the operating performance and trends in each of our business units. Despite this, given our limited visibility on the second half advertising market, we do not believe we are in a position to provide guidance on earnings for the full year. We expect to be in a better position to address this at our half year results in February.

This announcement was authorised for lodgment by the Board of NEC.

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