

# PACIFIC STAR NETWORK

INVESTOR PRESENTATION – CROC MEDIA MERGER

MARCH 2018

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All references to \$ in this Presentation are to AUD.



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# Merger Overview

***Pacific Star Network has agreed to merge with Crocmedia (Merger) to create a sports, entertainment and lifestyle content business of scale with complementary services across multiple media platforms and an attractive platform for growth***

## Crocmedia Overview

- Established in 2006, Crocmedia is a privately owned Australian sports content and entertainment business, delivering national brand partners' stories to metropolitan and regional audiences through unique and exclusive content across radio, television, online, in-stadium and live event platforms
- Crocmedia's core business is radio syndication, with 34 radio shows and over 130 hours of content produced weekly; an extensive radio broadcast distribution footprint of 200 frequencies in 91 markets enabled by multi-year syndication agreements with Australian radio station owners; and an estimated potential audience base of 20.5 million listeners representing approximately 85% of the Australian population
- Crocmedia has further enhanced and entrenched its position as a producer and syndicator of sport radio content by securing multi-year radio broadcasting rights to Australian Football League, National Rugby League and Football Federation of Australia games

## Consideration

- Agreed Crocmedia enterprise value of \$25.0 million based on:
  - a like-for-like valuation of PNW and Crocmedia
  - an implied trailing twelve month period to 31 October 2017 PNW normalised EBITDA multiple of 6.4x
  - Crocmedia's trailing twelve month period to 31 October 2017 normalised EBITDA of \$3.9 million<sup>1</sup>
  - an implied \$21.4 million equity value and \$3.6 million net debt position<sup>2</sup>
- Consideration is 100% scrip, based on a PNW share price of \$0.25 per share<sup>3</sup>
- Crocmedia shareholders and executives to receive 91.6 million new PNW shares, approximately 4.1 million of which will be structured as performance rights that vest on completion, and enter into a voluntary escrow agreement for 18 months in respect of 100%, and 24 months in respect of 75%, of these shares

## Funding

- PNW will raise \$10.0 million in cash from the placement of 40 million new shares at \$0.25 per share (**Placement**), with:
  - Viburum, an existing 19.5% PNW shareholder, to cornerstone the Placement with an \$8.25 million investment;
  - other strategic investors and Crocmedia shareholders and executives to subscribe for \$1.75 million of the Placement; and
  - all participants in the Placement required to enter into an escrow agreement for 12 months in respect of Placement shares
- PNW will use Placement proceeds to pay out its debt facility which matures on 29 April 2018 and support growth initiatives

1. Crocmedia financial information is unaudited. Financial information presented assumes a 100% earnings contribution from Thread.

2. Including working capital adjustments, transaction fees and funds paid outside ongoing business operations.

3. Being the undisturbed 30-day volume weighted average price at the time of negotiation of the term sheet for the transaction.

# Merger Highlights and Indicative Timing

***EPS accretive, identified cost synergies, potential revenue opportunities, strengthened balance sheet, experienced Board and management team with significant shareholder alignment***

## Key Highlights

- Expected EPS accretion of approximately 44%<sup>1</sup> on a pro forma trailing twelve month period to 31 October 2017 basis<sup>2</sup> for PNW shareholders
- Creates a diverse and integrated media distribution platform across two owned radio stations, 200 syndicated radio frequencies in 88 metropolitan and regional markets, three digital radio stations, television, online, in-stadium, live events and print publishing assets
- Distributes unique and exclusive sport, entertainment and lifestyle content for audiences, supported by multi-year radio broadcasting rights to Australian Football League, National Rugby League and Football Federation of Australia games, high profile talent and broadcast infrastructure
- A minimum \$3.0 million pro forma cost synergies (excluding restructuring costs) identified in addition to potential revenue synergies not yet quantified
- Combined group pro forma revenue and EBITDA of over \$48 million and \$10 million respectively, including identified pro forma cost synergies, for the trailing twelve month period to 31 October 2017<sup>3</sup>
- Strengthened balance sheet position of the merged business for growth, with a pro forma net cash position of \$4.6 million<sup>3</sup>
- Opportunity to leverage the platform and operational expertise to attract new brand partners, audiences and broadcast partners and secure additional exclusive content including other multi-year sport broadcasting rights
- Experienced Board and management team with extensive operational, financial and corporate experience combined with deep industry relationships and significant shareholder alignment
- Scrip based transaction with escrow arrangements provides significant alignment to shareholders

## Indicative Timing

- A Notice of Meeting and an Explanatory Memorandum including an Independent Expert's Report have been sent to shareholders
- The Merger is subject to shareholder approval at a general meeting to be held at 11:00am (Melbourne time) on Thursday 15 March 2018 at 473 Swan Street, Richmond, Victoria 3121
- Merger and Placement completion expected by late March 2018

1. Based on unaudited historical performance and expected cost synergies (excluding any restructuring costs), and excluding shares to be issued under the proposed LTI Plan and shares to be issued upon exercise of options on issue. For more information on the LTI Plan, refer to the ASX announcement on 8 January 2018.

2. Including pro forma cost synergies of \$3.0 million (excluding restructuring costs) expected to be implemented and realised on an annualised run-rate basis within 24 months post completion.

3. PNW's financial statements are audited to 30 June 2017. The information for the period 30 June 2017 to 31 October 2017 is unaudited. Crocmedia financial information is unaudited. Financial information presented assumes an 100% earnings contribution from Thread.

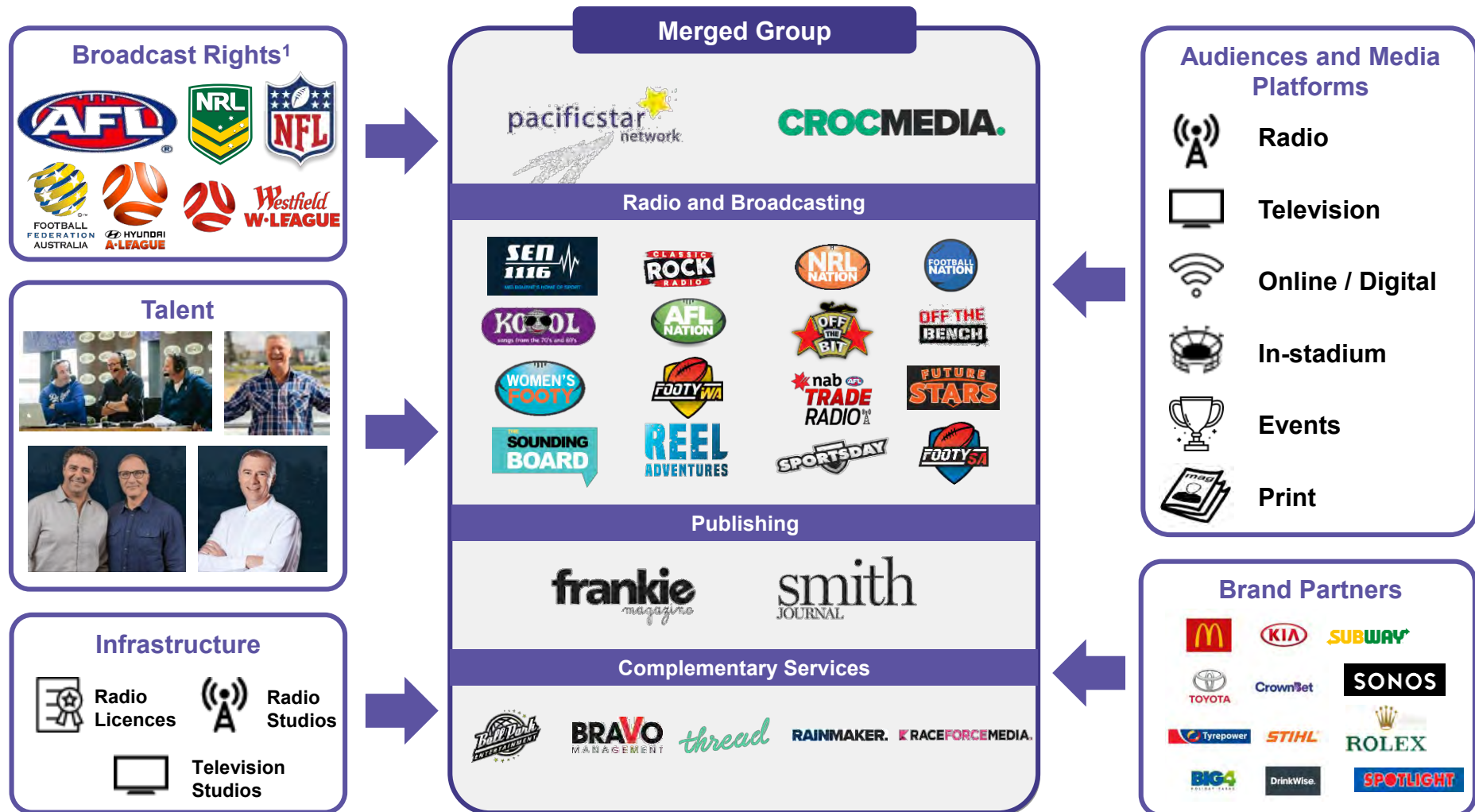
# Merger Rationale

*Compelling strategic, financial and corporate logic*

- 1** *Expanded multi-year sport broadcast rights, talent and production infrastructure - enables more diverse, unique and exclusive content to be created*
- 2** *Enlarged content distribution footprint - reaching national and regional audiences across multiple platforms including owned and syndicated radio stations, television, digital, online, in-stadium, live event and print*
- 3** *Enhanced value proposition to brand partners - providing increased access to national and regional audiences via unique, exclusive and relevant content*
- 4** *Meaningful corporate and financial logic - identified cost synergies, potential revenue opportunities, an experienced board and executive team with significant shareholder alignment, improved access to capital markets and strengthened balance sheet to pursue value enhancing opportunities*

## Merged Group – Overview

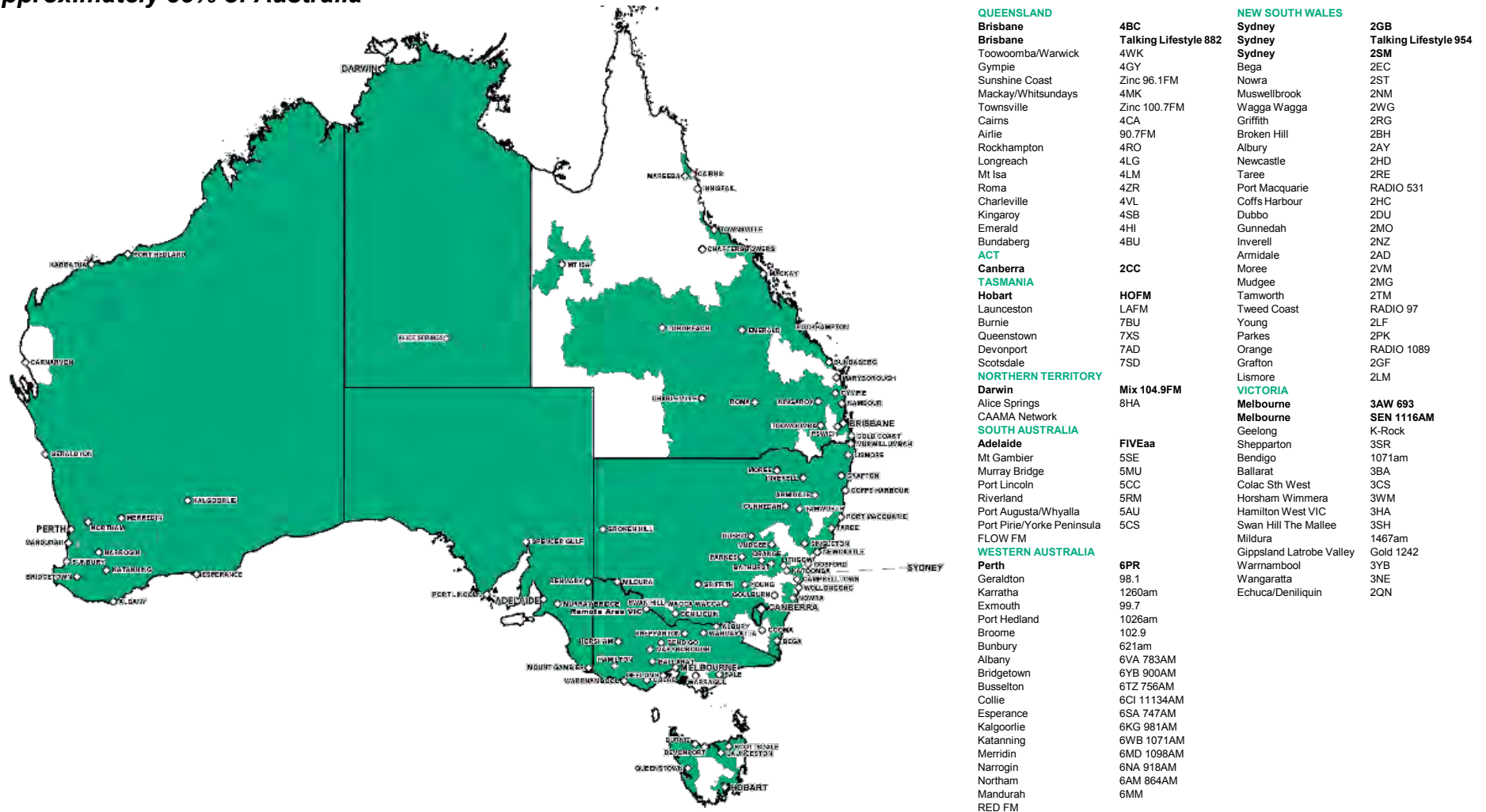
*The Merger creates a sports, entertainment and lifestyle content business connecting brands to national audiences, with unique and exclusive content, via owned and syndicated radio stations, television, digital, online, in-stadium, live event and print platforms*



1. Reference to NFL relates to the National Football League Super Bowl 2018, please refer to Slide 18 for further details.

## Merged Group – Radio Broadcast Footprint

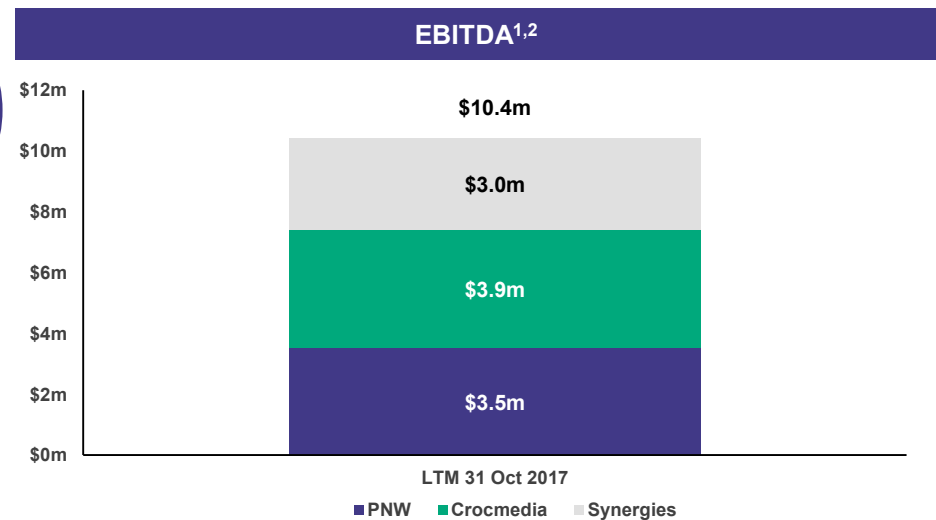
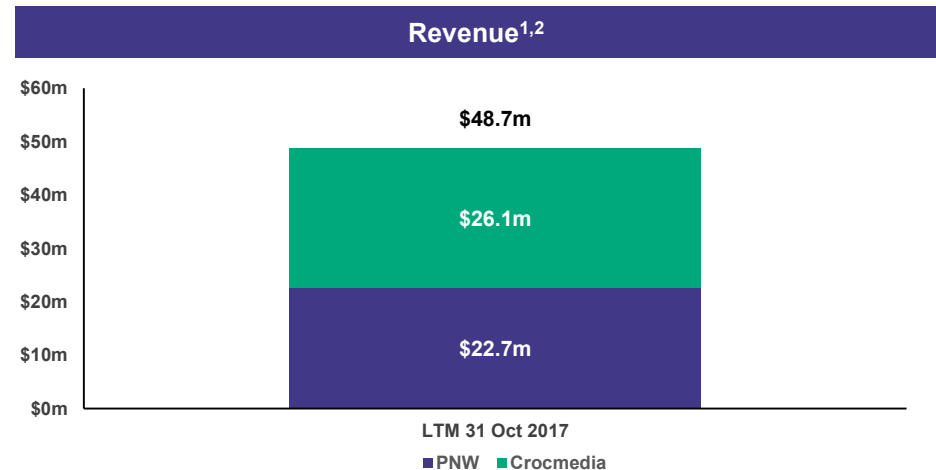
*Reaching national and regional audiences via company owned radio licences and multi-year syndication agreements with radio stations across 200 frequencies with an estimated potential audience of 20.5 million listeners across approximately 85% of Australia*





## Merged Group – Revenue Sources and Pro Forma Financials

*An opportunity to leverage expanded sports, entertainment and lifestyle content to generate multiple revenue opportunities*

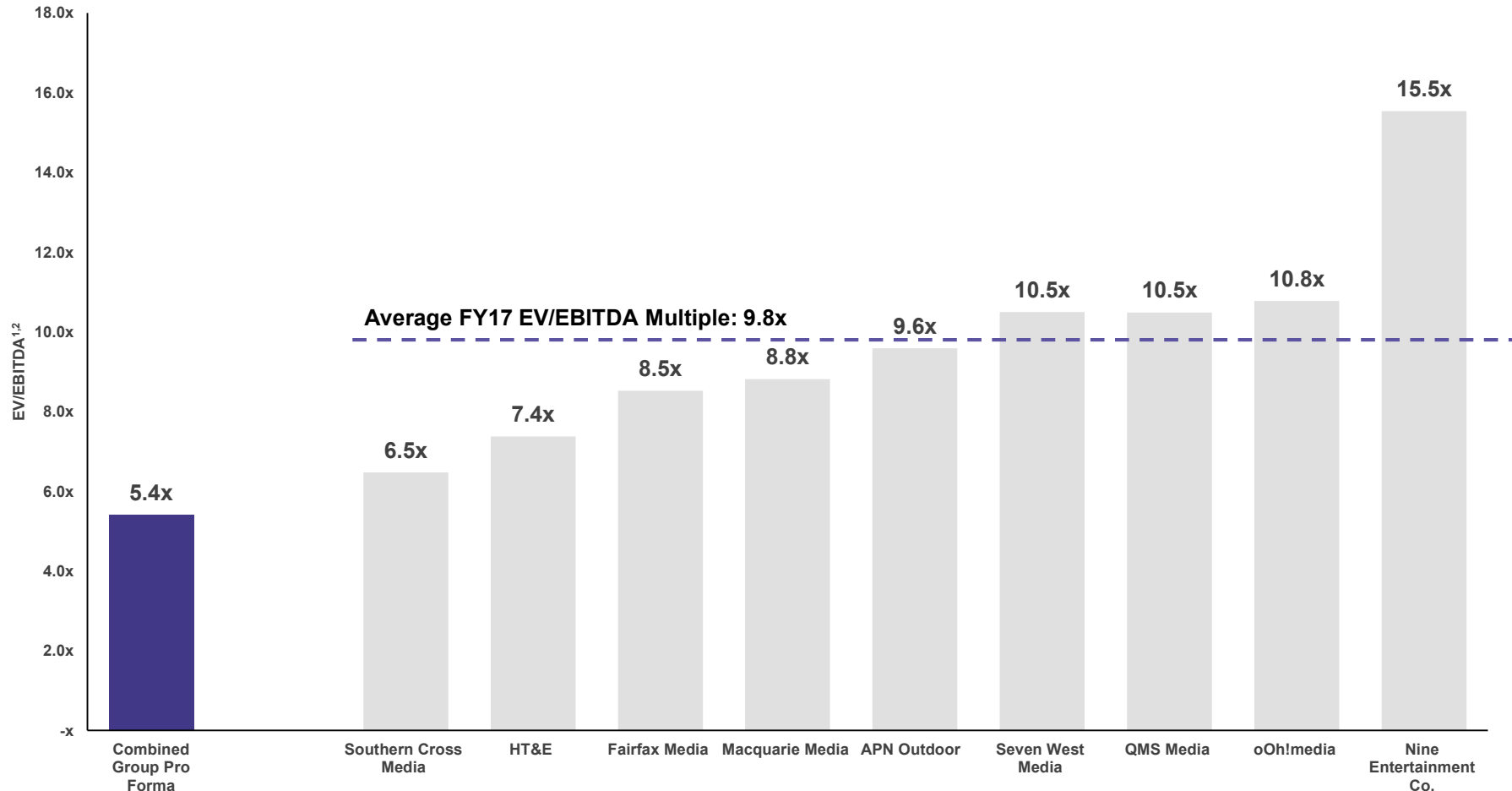


1. PNW's financial statements on which the LTM 31 October 2017 information is based were audited to 30 June 2017, with the balance of the period to 31 October 2017 unaudited. Crocmedia financial information is unaudited. Financial information presented assumes a 100% earnings contribution from Thread.

2. Both PNW and Crocmedia EBITDA have been normalised. EBITDA includes identified pro forma synergies of \$3.0 million (excluding restructuring costs) and includes 100% of Thread earnings.

## Comparable Analysis – ASX Listed Media Peers<sup>1,2</sup>

**Domestic media peers traded at an average FY17 EV/EBITDA multiple of 9.8x relative to combined group pro forma LTM October EV/EBITDA multiple of 5.4x**







Source: Capital IQ and company analysis.

- All multiples are based on FY17 EBITDA, except for combined group pro forma. Combined group pro forma EV/EBITDA multiple refers to the implied EV/EBITDA multiple based on PNW's latest share price of \$0.30 (6 March 2018), the combined group pro forma balance sheet as at 31 October 2017 and the LTM 31 Oct 2017 normalised EBITDA for the combined group. The combined group pro forma EV/EBITDA multiple is derived from unaudited information of Crocmedia and PNW's audited financial information to 30 June 2017 and unaudited information to 31 October 2017.
- Multiples are based on the latest share price (6 March 2018).

## Merged Group – Proposed Board and Senior Executive

***Extensive operational, management and corporate experience combined with deep industry relationships and significant shareholder alignment***

Name and Title		Biography
	<b>Craig Coleman</b> Non-Executive Chairman	<ul style="list-style-type: none"> <li>Mr Craig Coleman is an experienced senior executive and director, with a 30 year career spanning banking and finance, corporate advisory and investment and funds management</li> <li>Mr Coleman is the Executive Chairman of Viburnum Funds, an existing 19.5% PNW shareholder</li> </ul>
	<b>Andrew Moffat</b> Non-Executive Director	<ul style="list-style-type: none"> <li>Mr Andrew Moffat has in excess of 23 years of corporate and investment banking experience, including serving as a director of Equity Capital Markets and Advisory for BNP Paribas Equities (Australia)</li> <li>Mr Moffat is a Non-Executive Director of 360 Capital Group Limited and was previously Chairman of PNW</li> </ul>
	<b>Colm O'Brien</b> Non-Executive Director	<ul style="list-style-type: none"> <li>Mr Colm O'Brien has over 20 years of experience at an executive level, including nine years as a director and CEO with ASX listed media company, Aspermont Limited</li> <li>Mr O'Brien has also worked in international financial services, tier one management consultancy and other industries, and is currently a Director of management consultancy Carrington Partners</li> </ul>
	<b>Craig Hutchison</b> Managing Director	<ul style="list-style-type: none"> <li>Mr Craig Hutchison co-founded Crocmedia in 2006 and is the group's current Chief Executive Officer</li> <li>Mr Hutchison has an extensive career in newspapers, radio and television and is a household name in sports journalism having established himself as one of the AFL's greatest news breakers</li> </ul>
	<b>Chris Giannopoulos</b> Executive Director	<ul style="list-style-type: none"> <li>Mr Chris Giannopoulos joined Crocmedia in 2011 and is focused on the acquisition of live sports rights and leading Bravo Management</li> <li>Mr Giannopoulos was previously Director of Client Management and New Business at IMG for 14 years</li> </ul>
	<b>Jodie Simm</b> General Manager	<ul style="list-style-type: none"> <li>Ms Jodie Simm joined Crocmedia in 2007 and is responsible for operations and finance</li> <li>Ms Simm previously had 10 years of experience with Deloitte Growth Solutions as Client Director consulting to SMEs regarding all tax, business, and accounting issues</li> </ul>



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# Pacific Star Network Overview







*Connecting brands via a diverse range of sports, lifestyle and entertainment content delivered to audiences through company owned radio, print, online and digital media platforms*



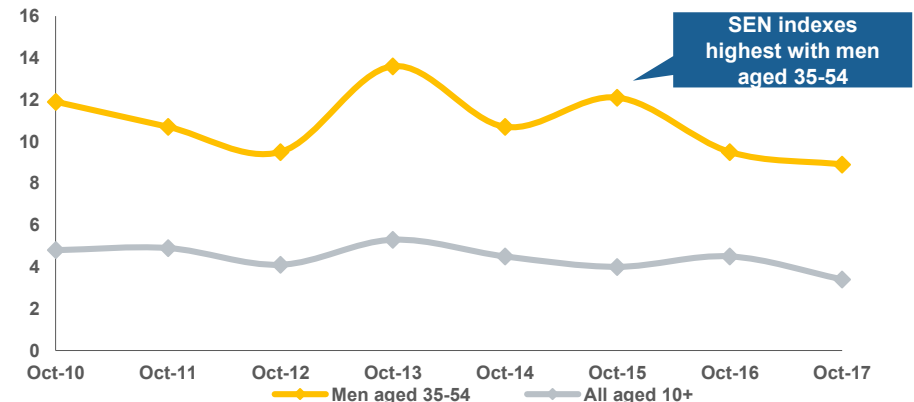
# Pacific Star Network Radio and Broadcasting



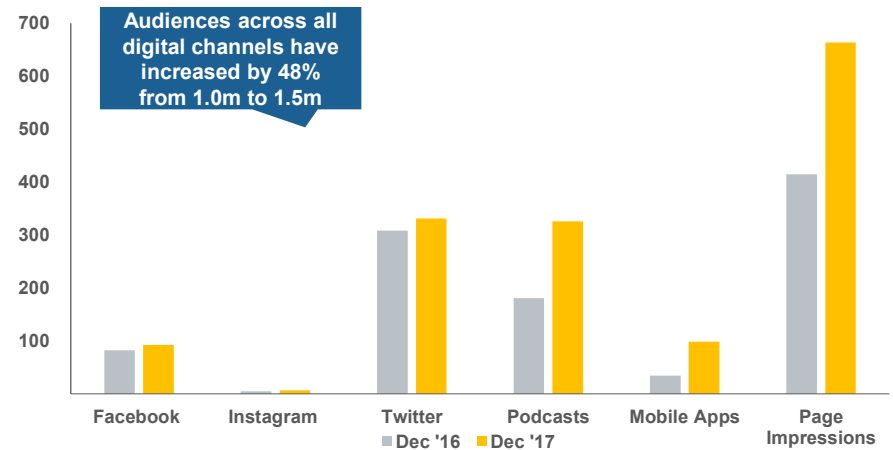
**Two company owned Melbourne based AM commercial broadcasting licences, including 1116 SEN which delivers content to a highly engaged targeted audience, and three digital only radio stations**

Broadcasting Assets	
Company Owned Broadcast Licences	<ul style="list-style-type: none"> <li>1116 kHz AM radio licence operates as 1116 SEN and broadcasts across metropolitan Melbourne</li> <li>1116 SEN is Melbourne's <i>"Home of Sport"</i> with 24/7 sports content including six live AFL games broadcast weekly</li> <li>A highly engaged audience underpinned by a high profile talent line-up including: Garry Lyon, Tim Watson, Gerard Whateley, Andy Maher, Kevin Bartlett, John 'Dr Turf' Rothfield, Sam McClure and Jack Heverin</li> </ul>
	
DAB+ Spectrum	<ul style="list-style-type: none"> <li>1377 kHz AM radio licence operates as Classic Rock Radio and broadcasts across metropolitan Melbourne</li> <li>Classic Rock Radio broadcasts the best of 60s, 70s and 80s rock with listeners being treated to non-stop hits from rock royalty</li> </ul>
	
DAB+ Spectrum	<ul style="list-style-type: none"> <li>Classic Australian music</li> </ul>
	
DAB+ Spectrum	<ul style="list-style-type: none"> <li>Music from the 70s and 80s</li> </ul>
	

## 1116 SEN Ratings (% of overall AU radio listenership)



## 1116 SEN Digital Audience (000s)



# Pacific Star Network Publishing



*Creating original, authentic and high quality publications*

## Portfolio



- frankie is an approachable, inspirational bi-monthly magazine. A niche-style publication with mainstream appeal it covers design, art, photography, fashion, travel, music, craft, interiors and life

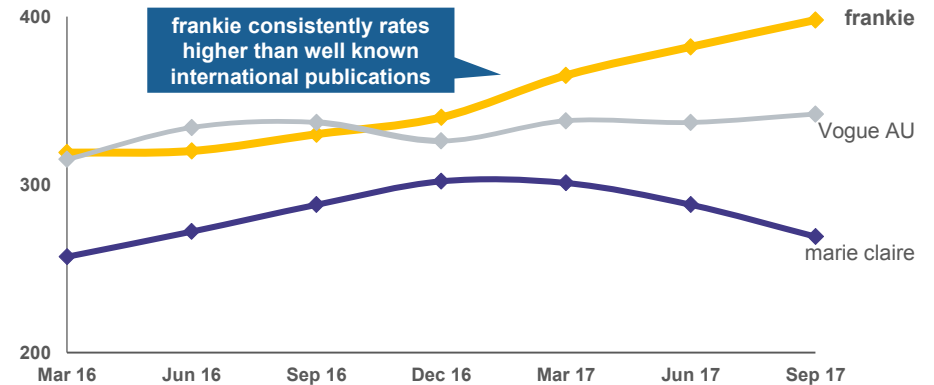


- frankie produces a successful range of brand extensions including its annual diary and calendar, a number of cookbooks, a craft book, a gift wrapping book, Something to Say, four volumes of interiors book, SPACES plus branded merchandise

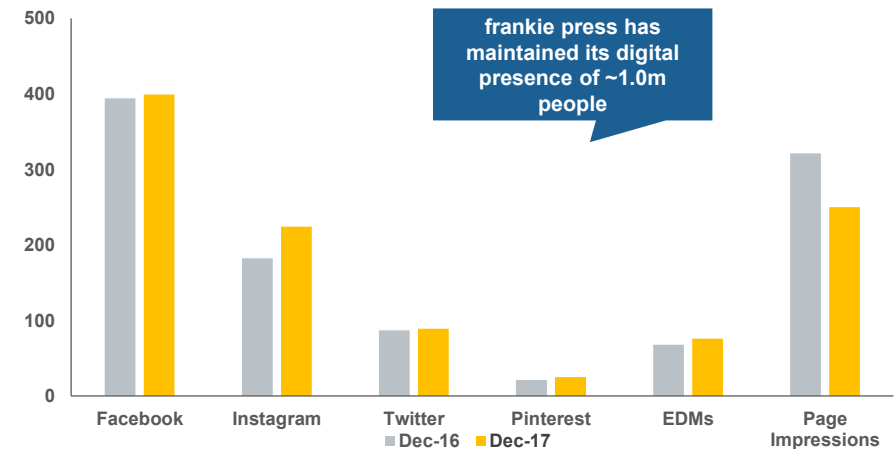


- Smith Journal is a quarterly publication for those with curious minds. It's full of stories about people living their dreams: makers, inventors, designers, thinkers and adventurers

## frankie press Readership Ratings (000s)



## frankie press Digital Audience (000s)






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*Crocmedia is led by an experienced executive management team*

	Name and Title	Biography
	<b>Craig Hutchison</b> Chief Executive Officer	<ul style="list-style-type: none"> <li>Mr Craig Hutchison co-founded Crocmedia in 2006 and is the group's current Chief Executive Officer</li> <li>Mr Hutchison has an extensive career in newspapers, radio and television and is a household name in sports journalism having established himself as one of the AFL's greatest news breakers</li> </ul>
	<b>Chris Giannopoulos</b> Executive Director	<ul style="list-style-type: none"> <li>Mr Chris Giannopoulos joined Crocmedia in 2011 and is focused on the acquisition of live sports rights and leading Bravo Management</li> <li>Mr Giannopoulos was previously Director of Client Management and New Business at IMG for 14 years</li> </ul>
	<b>Jodie Simm</b> General Manager	<ul style="list-style-type: none"> <li>Ms Jodie Simm joined Crocmedia in 2007 and is responsible for operations and finance</li> <li>Ms Simm previously had 10 years of experience with Deloitte Growth Solutions as Client Director consulting to SMEs regarding all tax, business, and accounting issues</li> </ul>
	<b>Sam Bingley</b> Chief Commercial Officer	<ul style="list-style-type: none"> <li>Mr Sam Bingley joined Crocmedia in 2015</li> <li>Mr Bingley has over 17 years of experience in the sport and radio industries, including previous roles with Austereo, the AFL and Melbourne Racing Club, and retains extensive media networks</li> </ul>

# Crocmedia Overview and Strategy

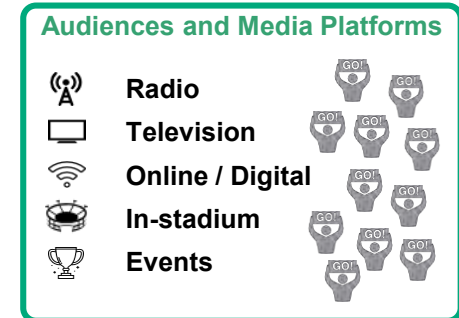
**Building an aggregated sports and entertainment hub to connect national top-tier brand partners with metropolitan and regional audiences, via unique and exclusive content across multiple platforms and complementary services**

## CROC MEDIA.

*Investing in multi-year sport broadcast rights, high profile talent and state-of-the-art production infrastructure ...*

*... to create unique and exclusive content ...*

*... attracting broadcast partners, audiences and brand partners across multiple media platforms*



1. Reference to NFL relates to the National Football League Super Bowl 2018, please refer to Slide 18 for further details.

# Crocmedia Broadcast Rights



***Uniquely positioned as a producer and syndicator of sport radio content, evidenced by broadcast rights to the AFL, NRL, FFA and NFL Super Bowl 2018***

## Australian Football League

- Rights between 2017 and 2022
- Exclusivity over all regional radio broadcasts<sup>1</sup>
- Rights to two games per weekend over all key metropolitan radio markets



## National Rugby League

- National Rugby League broadcast partnership for the 2018 to 2022 seasons<sup>2</sup>
- Rights to four games per round<sup>3</sup> and syndication of Macquarie Media Limited's metropolitan broadcasts across regional Australia, and at least two games per round into metropolitan radio markets



## Football Federation of Australia

- Five year rights to the end of the 2022/23 A-League season
- Rights to broadcast A-League, W-League and international Socceroos and Matildas matches played in Australia and New Zealand
- Master metropolitan and regional radio rights holder



## NFL Super Bowl 2018

- 1116 SEN recently broadcast the NFL Super Bowl 2018 live in Minnesota, USA
- The opportunity for 1116 SEN to broadcast the NFL Super Bowl 2018 was made possible by leveraging Crocmedia's existing relationships
- The NFL Super Bowl 2018 broadcast was supported by the production expertise of Crocmedia and 1116 SEN, and hosted by 1116 SEN broadcaster, Gerard Whateley



1. Except where there is a Southern Cross Austereo station in that market broadcasting.

2. Pursuant to a sub-licence agreement with Macquarie Media Limited.

3. Except where there is a Southern Cross Austereo station broadcasting in certain markets, two games.

# Crocmedia Talent and Infrastructure



***Investing in high profile talent and state-of-the-art production infrastructure to enable the production of unique and exclusive Crocmedia branded content***

## Talent

- Crocmedia attracts high profile talent from sport and entertainment industries, combining expertise and charisma with strong metropolitan and regional affiliations
- Well respected personalities include Sandy Roberts, Peter Donegan, Terry Wallace, Billy Brownless, Stephen Quartermain, Robert Walls, Liam Pickering and John 'Dr Turf' Rothfield



## Production Infrastructure

- State-of-the-art radio production infrastructure includes five Melbourne based studios, one studio in Adelaide and Tweed Heads, and studios under development in Perth and Sydney
- Crocmedia has recently completed development of a Melbourne based and fully equipped television studio





# Crocmedia

## Branded Content – Live Sport Radio Programming



***Radio syndication is Crocmedia's core business, producing 34 radio shows and over 130 hours of radio content weekly including live AFL, NRL and FFA broadcasts, attracting audiences, broadcast partners and brand partners***

### AFL Nation

- Crocmedia's customised football radio call, delivering a consistent, national, AFL broadcast platform allowing brands to promote their message and connect with AFL fans
- Australia's biggest AFL call to over 546,000 listeners weekly via 200 frequencies and 68 radio markets
- Up to 11 broadcasts every weekend of the season, including five metropolitan markets (2 games per weekend) and 60 regional markets (up to six games per weekend)



### NRL Nation

- Crocmedia's live call of up to four games per weekend<sup>1</sup> across regional Australia and two games per weekend into key metropolitan radio markets
- Expanding the game's radio reach to more than 80% of New South Wales and Queensland
- Featuring some of rugby league's greats including Laurie Daley, Brett Kimmorley, Brenton Speed, Scott Sattler and Gary Belcher



### Football Nation

- Delivering mass coverage and unparalleled reach into all Australian markets across radio and digital audiences
- Minimum of two weekly Hyundai A-League games live with scope to broadcast all matches
- Each broadcast includes a 2.5 hour broadcast preview, play-by-play call and post game review



1. Except where there is a Southern Cross Austereo station broadcasting in certain markets, two games.

# Crocmedia

## Branded Content – Other Radio Programming



*Investment in high profile talent and state-of-the-art production infrastructure enables Crocmedia to produce a range of additional unique and exclusive sport and entertainment radio content*

### Sport and Entertainment Programs

#### Sportsday

- Monday to Thursday drive time program, connecting to local listeners through eight regional and metropolitan state based programs covering sports and issues relevant to each market



#### Off The Bench

- Entertainment sports program packed with feature interviews of stars, coaches and administrators



#### Reel Adventures

- Dedicated to fishing, boating and the great outdoors hosted by AFL superstar Patrick 'Paddy' Dangerfield and his good mate and self-confessed fishing nut, Aaron Habgood



#### Sportzone

- Friday drive time show keeping listeners up to date with relevant local sport in Sydney and Brisbane, rounding out Sportsday's national coverage



#### Stumps

- Live across Australia with feature previews, highlights and in-depth cricket analysis



#### Insider The Ropes

- A weekly wrap of what's happening on the local and global golf scene, hosted by Andy Maher and Golf Australia's Mark Hayes

#### The Driver's Seat











- Motorsport radio show with Steve Johnson and Matt MacKelden



# Crocmedia

## Branded Content – Television, Online and Digital

*Producing unique and exclusive content for television and online platforms, providing brand partners with increased access to wider audiences*

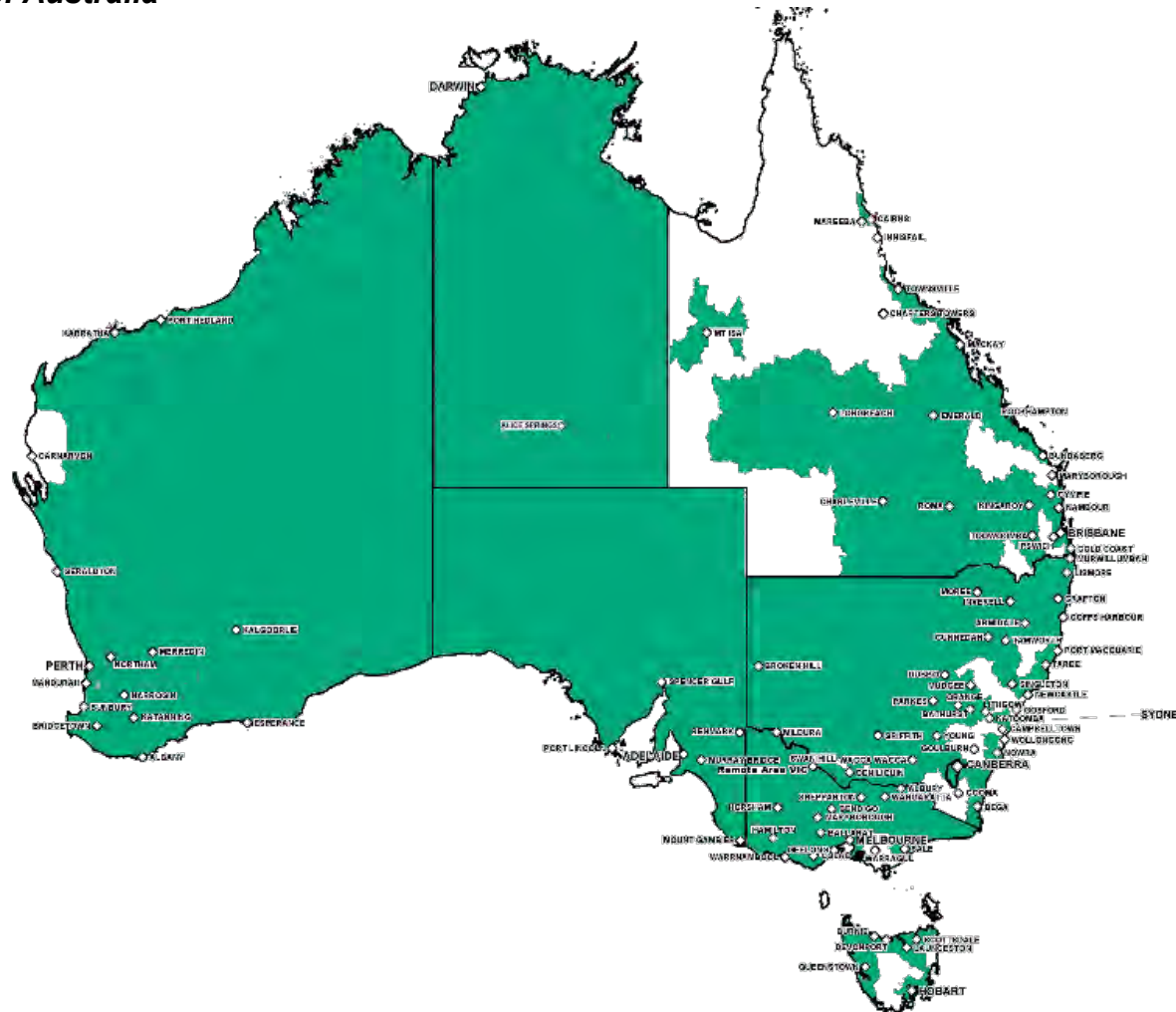
Television	<b>Women's Footy</b> <ul style="list-style-type: none"> <li>News and analysis on all the drama and controversy in the AFLW League</li> </ul>	
	<b>Footy WA and Footy SA</b> <ul style="list-style-type: none"> <li>Football programming for each market hosted by local talent connecting to local audiences</li> </ul>	
	<b>Future Stars</b> <ul style="list-style-type: none"> <li>Captures the excitement of future AFL stars, AFL trade and AFL draft activities</li> </ul>	
	<b>Off The Bench</b> <ul style="list-style-type: none"> <li>Dedicated to country football leagues broadcast across Victoria</li> </ul>	
	<b>Off The Bit</b> <ul style="list-style-type: none"> <li>Latest country racing news, views and tips from Andy Maher, Katelyn Mallyon and Dr Turf</li> </ul>	
Online and Digital	<b>AFL Nation</b> <ul style="list-style-type: none"> <li>Heard across the AFL app, AFLNation.com.au and AFL.com.au</li> </ul>	
	<b>Football Nation</b> <ul style="list-style-type: none"> <li>Broadcast on A-League mobile App, A-League.com.au and Myfootballnation.com</li> </ul>	
	<b>NAB AFL Trade Radio</b> <ul style="list-style-type: none"> <li>Broadcast on www.AFL.com.au and its platforms, covering every club's decision as each AFL club list is created and success plans are formed - where AFL fans go to hear major movements in AFL ranks</li> </ul>	
	<b>The Sounding Board - Podcast</b> <ul style="list-style-type: none"> <li>Reaching a strong audience of over 25,000 weekly downloads, Hutchy and Damo chat about anything and everything - unique, entertaining and relevant content each week</li> </ul>	
	<b>Don't Shoot The Messenger - Podcast</b> <ul style="list-style-type: none"> <li>Best friends Caroline Wilson and Corrie Perkin talk everything from sport to food to lifestyle – nothing is off limits. Just don't shoot the messenger</li> </ul>	

# Crocmedia

## Audience and Broadcast Partners – Radio



***Crocmedia has leveraged its unique and exclusive content to secure multi-year syndication agreements with radio stations across 200 frequencies with an estimated potential audience of 20.5 million listeners across approximately 85% of Australia***



### QUEENSLAND

Brisbane  
Brisbane  
Toowoomba/Warwick  
Gympie  
Sunshine Coast  
Mackay/Whitsundays  
Townsville  
Cairns  
Airlie  
Rockhampton  
Longreach  
Mt Isa  
Roma  
Charleville  
Kingaroy  
Emerald  
Bundaberg

### ACT

Canberra

### TASMANIA

Hobart

Launceston

Burnie

Queenstown

Devonport

Scotsdale

### NORTHERN TERRITORY

Darwin

Alice Springs

CAAMA Network

### SOUTH AUSTRALIA

Adelaide

Mt Gambier

Murray Bridge

Port Lincoln

Riverland

Port Augusta/Whyalla

Port Pirie/Yorke Peninsula

FLOW FM

### WESTERN AUSTRALIA

Perth

Geraldton

Karratha

Exmouth

Port Hedland

Broome

Bunbury

Albany

Bridgetown

Busselton

Collie

Esperance

Kalgoorlie

Katanning

Merridun

Narrogin

Northam

Mandurah

RED FM

4BC

Talking Lifestyle 882

4WK

4GY

Zinc 96.1FM

4MK

Zinc 100.7FM

4CA

90.7FM

4RO

4LG

4LM

4ZR

4VL

4SB

4HI

4BU

2CC

HO FM

LAFM

7BU

7XS

7AD

7SD

Mix 104.9FM

8HA

FIVEaa

5SE

5MU

5CC

5RM

5AU

5CS

6PR

98.1

1260am

99.7

1026am

102.9

621am

6VA 783AM

6YB 900AM

6TZ 756AM

6CI 11134AM

6SA 747AM

6KG 981AM

6WB 1071AM

6MD 1098AM

6NA 918AM

6AM 864AM

6MM

### NEW SOUTH WALES

Sydney

Sydney

Sydney

Bega

Nowra

Muswellbrook

Wagga Wagga

Griffith

Broken Hill

Albury

Newcastle

Taree

Port Macquarie

Coffs Harbour

Dubbo

Gunnedah

Inverell

Armidale

Moree

Mudgee

Tamworth

Tweed Coast

Young

Parkes

Orange

Grafton

Lismore

### VICTORIA

Melbourne

Melbourne

Geelong

Shepparton

Bendigo

Ballarat

Colac Sth West

Horsham Wimmera

Hamilton West VIC

Swan Hill The Mallee

Mildura

Gippsland Latrobe Valley

Warrambool

Wangaratta

Echuca/Deniliquin

2GB

Talking Lifestyle 954

2SM

2EC

2ST

2NM

2WG

2RG

2BH

2AY

2HD

2RE

RADIO 531

2HC

2DU

2MO

2NZ

2AD

2VM

2MG

2TM

RADIO 97

2LF

2PK

RADIO 1089

2GF

2LM

3AW 693

SEN 1116AM

K-Rock

3SR

1071am

3BA

3CS

3WM

3HA

3SH

1467am

Gold 1242

3YB

3NE

2QN



***Branded content is leveraged further to attract broadcast partners across other distribution platforms providing brand partners with increased access to relevant and wider audiences***

### Television

- Crocmedia has broadcast agreements with Channel 9 in Victoria, South Australia and Western Australia; and Southern Cross Nine in Victoria
- Broadcast agreements enable Crocmedia to produce and distribute a range of unique sports based branded content, providing brand partners with increased access to Australian television audiences



### Stadium Partners

- Crocmedia is building stadium assets enabling the production and sale of big screen advertising in major sporting stadiums across Australia

### Online

- Crocmedia's capabilities extend to online platforms allowing it to produce and broadcast a range of relevant content



## Crocmedia Brand Partners



***Connecting national top-tier brands and delivering 'brand stories' to metropolitan and regional audiences, by leveraging Crocmedia's unique and exclusive content and extensive audience reach across multiple distribution platforms***

*Over 180 brand partners of which approximately 60% of the top 40 has been with Crocmedia for over three years*



# Crocmedia Complementary Services



*Crocmedia also has five complementary business units encompassing the sport and entertainment industries to support brand partners with increased access to relevant audiences*



## Talent Management

Boutique and exclusive representation of media professionals including presenters, broadcasters, journalists, sports professionals and entertainers

## Events

Exclusive access for individuals and corporate groups to the biggest and best events and experiences on the planet including the Super Bowl and Kentucky Derby

## Creative Services

Boutique creative agency with extensive experience in developing and managing brand communications across all touch points including print, television, digital, radio and social media

## TV Production

Dedicated TV production services to both broadcasters and brands, utilising purpose built state-of-the-art TV studios

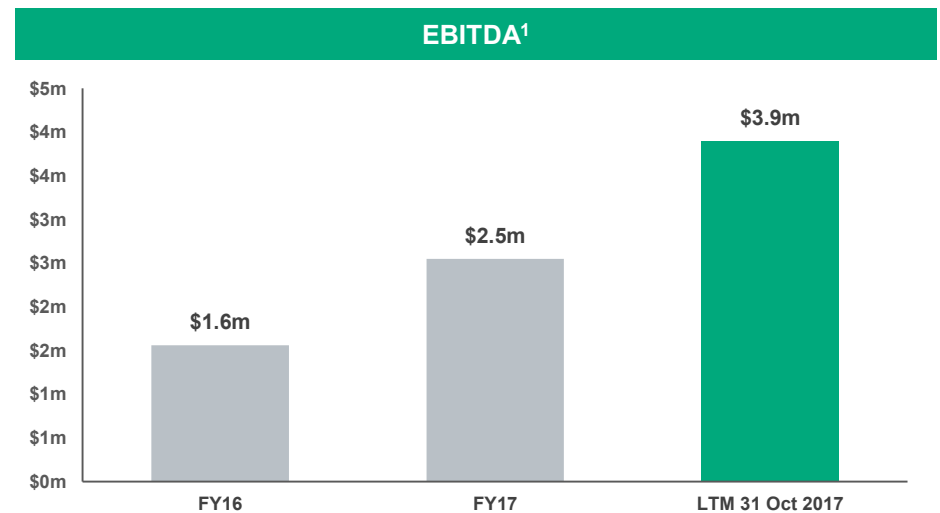
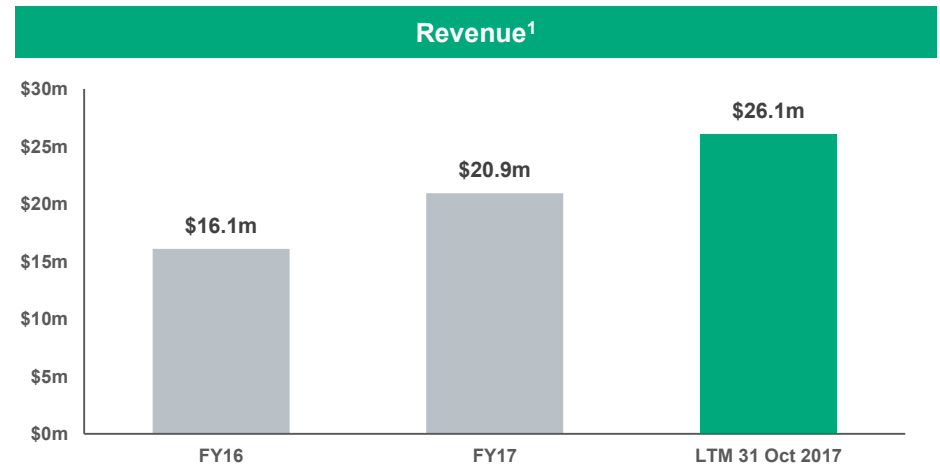
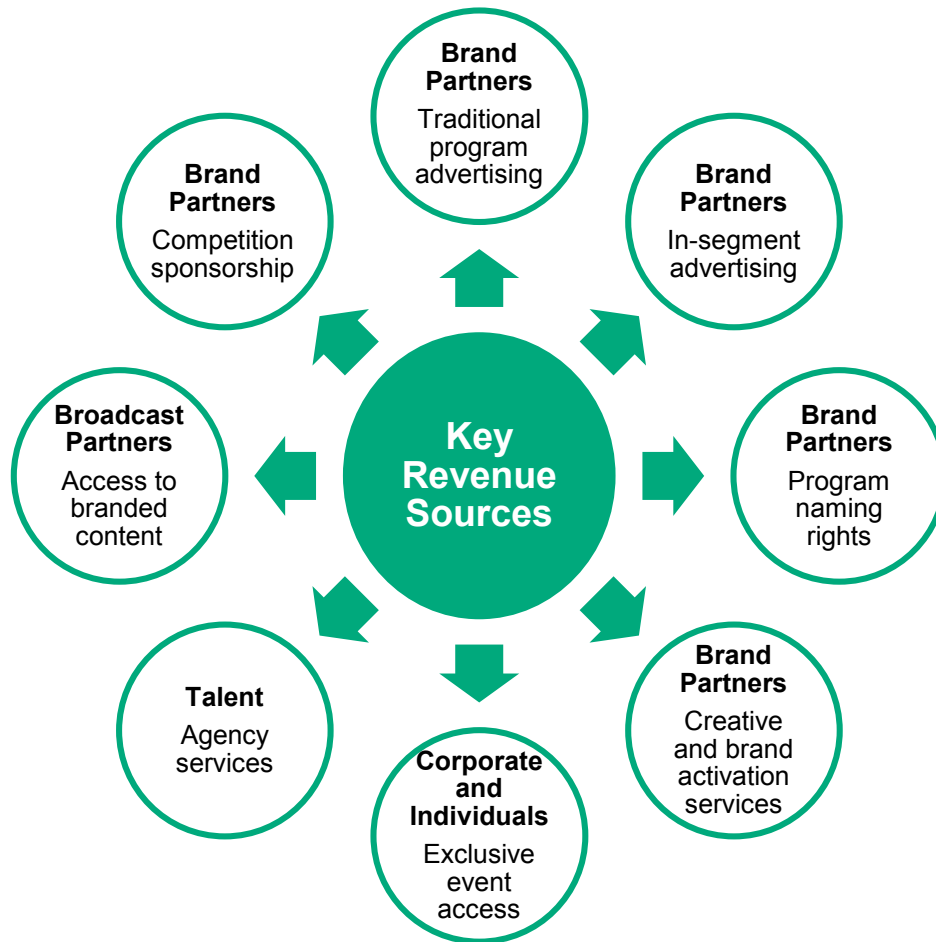
## Racing Media Sales

Racing media sales network with exclusive rights to sell RSN 927 programming, providing brands with opportunities to engage with racing and sport audiences

# Crocmedia

## Revenue Sources and Historical Financials

*Crocmedia generates multiple revenue opportunities from sources including brand partners, broadcast partners, corporate and individuals by leveraging its aggregated sports and entertainment hub*



1. Crocmedia financial information is unaudited. FY16 and FY17 EBITDA figures refer to underlying EBITDA. LTM 31 Oct 2017 EBITDA refers to normalised EBITDA and assumes a 100% earnings contribution from Thread.



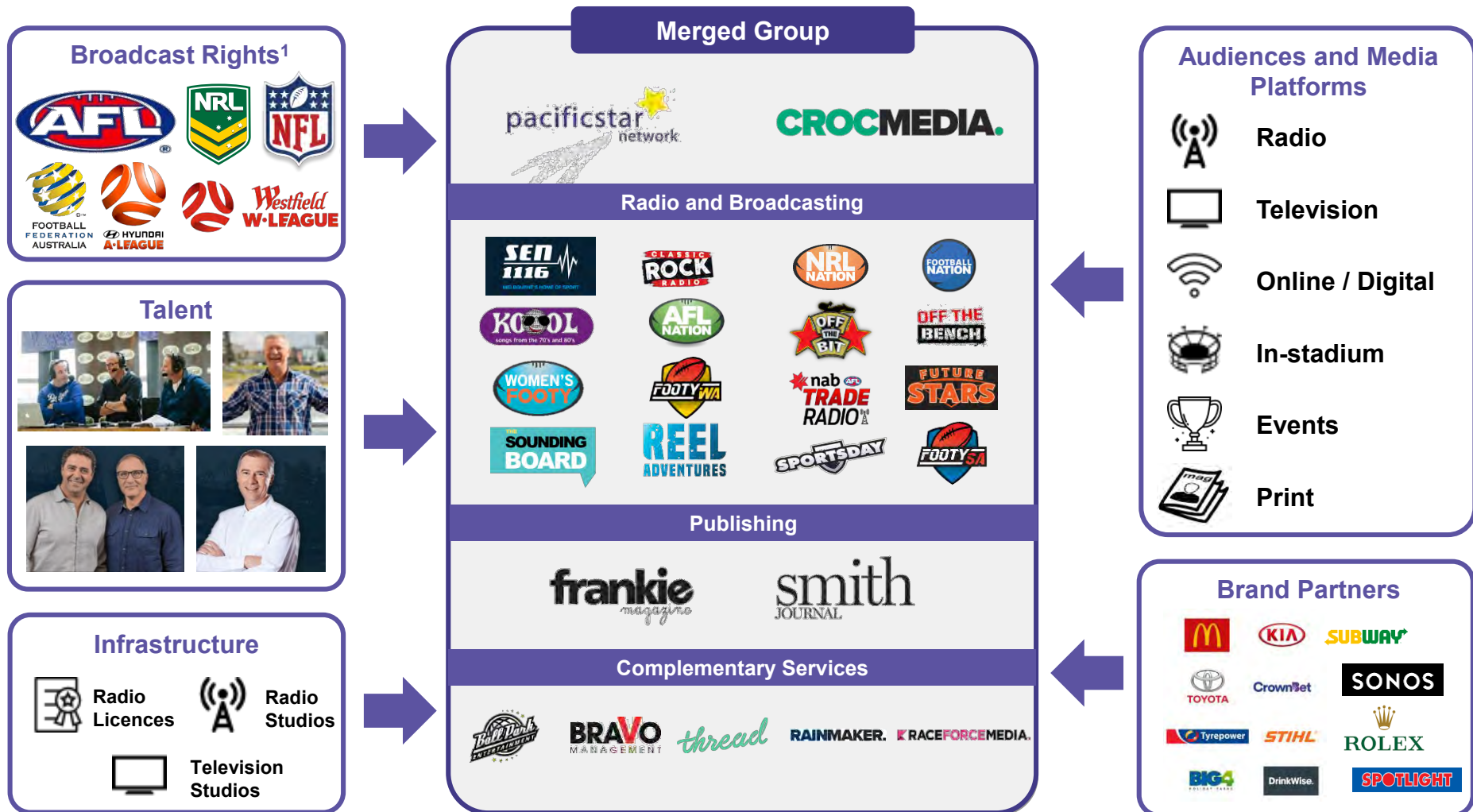
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## Overview

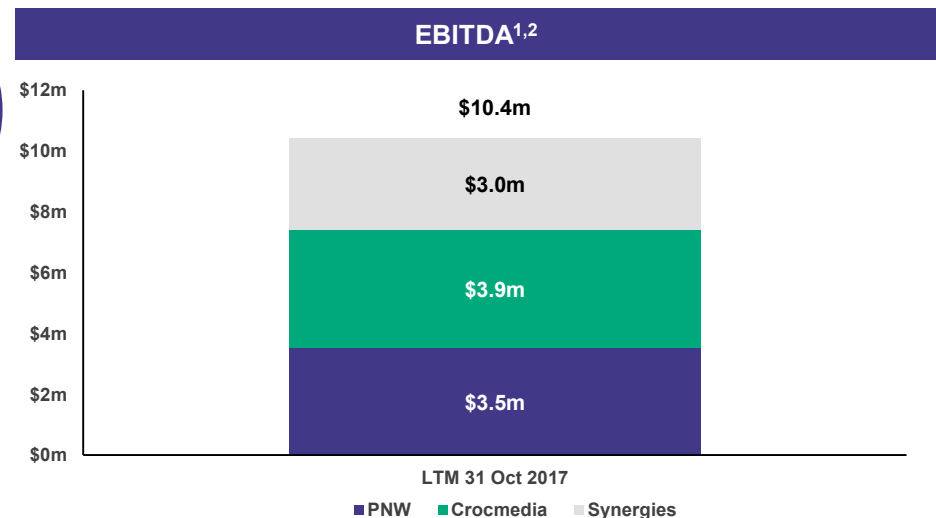
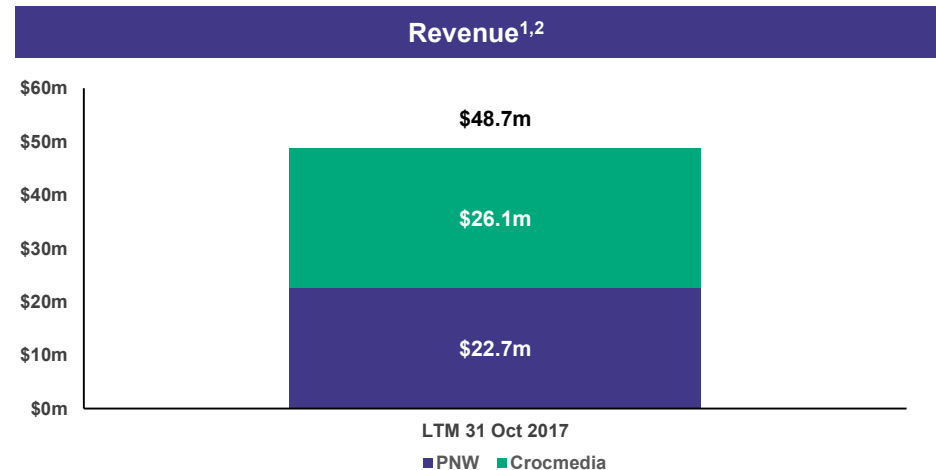
*The Merger creates a sports, entertainment and lifestyle content business connecting brands to national audiences, with unique and exclusive content, via owned and syndicated radio stations, television, digital, online, in-stadium, live event and print platforms*



1. Reference to NFL relates to the National Football League Super Bowl 2018, please refer to Slide 18 for further details.

## Revenue Sources and Pro Forma Financials

*An opportunity to leverage expanded sports, entertainment and lifestyle content to generate multiple revenue opportunities*



1. PNW's financial statements on which the LTM 31 October 2017 information is based were audited to 30 June 2017, with the balance of the period to 31 October 2017 unaudited. Crocmedia financial information is unaudited. Financial information presented assumes a 100% earnings contribution from Thread.

2. Both PNW and Crocmedia EBITDA have been normalised. EBITDA includes identified pro forma synergies of \$3.0 million (excluding restructuring costs) and includes 100% of Thread earnings.

# Rationale

***A transaction supported by significant industrial, financial and corporate logic to drive value for all shareholders***

Industrial	<ul style="list-style-type: none"> <li>✓ A diverse and integrated media distribution platform with national regional and metropolitan reach</li> <li>✓ Unique and exclusive sport, entertainment and lifestyle content supported by multi-year broadcast rights, high profile talent and state-of-the-art production infrastructure</li> <li>✓ An opportunity to leverage the platform and operational expertise to secure additional unique and exclusive content including other multi-year broadcast rights</li> <li>✓ Improved brand recognition providing an opportunity to attract additional broadcast partners, audiences and brand partners</li> <li>✓ Enlarged content, talent and client base with significant cross-sell opportunity</li> <li>✓ Experienced Board and management team with extensive operational, financial and corporate experience combined with deep industry relationships and significant shareholder alignment</li> <li>✓ Attractive platform to assess organic and acquisitive growth opportunities</li> </ul>
Financial	<ul style="list-style-type: none"> <li>✓ Approximately 44% EPS accretive<sup>1</sup></li> <li>✓ A minimum \$3.0 million pro forma cost synergies<sup>2</sup> identified in addition to potential revenue synergies not yet quantified</li> <li>✓ Strengthened balance sheet position with a pro forma net cash position of \$4.6 million<sup>1</sup></li> <li>✓ Scrip based transaction with escrow arrangements provides significant alignment to shareholders</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>✓ Improved access to equity and debt capital markets</li> <li>✓ Potentially improved shareholder liquidity</li> </ul>

1. Based on a pro forma unaudited historical performance for LTM to 31 October 2017 and expected cost synergies of \$3.0 million (excluding any restructuring costs), and excluding shares to be issued under the proposed LTI Plan and shares to be issued upon exercise of options on issue. For more information on the LTI Plan, refer to the ASX announcement on 8 January 2018.

2. Excluding restructuring costs.

# Synergies

***A minimum \$3.0 million pro forma cost synergies<sup>1</sup> identified in addition to potential revenue synergies not yet quantified***

Synergy	Driver	Detail	Key initiative	Timing
Cost	Increased scale	▪ Broadcast	▪ Eliminate duplicated game broadcasts	▪ Near term
		▪ Operational	▪ Consolidate duplication	▪ Near term
		▪ Talent	▪ Invest in key talent whilst reducing 'contributors'	▪ Near term
		▪ Occupancy	▪ Consolidate locations	▪ Medium term
Revenue	Integrated and expanded content	▪ Leverage media assets across each business	▪ Shared sales team	▪ Longer term
		▪ Attract broadcast partners, audiences and brand partners via expanded content offering	▪ Crocmedia / SEN inventory review	▪ Near term
	Diversified service offering	▪ Leverage complementary services group wide	▪ Market expanded service offerings across enlarged client base	▪ Near term
			▪ Broaden advertising packages sold to brand partners	▪ Medium term

1. Excluding restructuring costs.

# Combined Pro Forma Income Statement

*Pro forma income statement<sup>1</sup> for the trailing twelve month period to 31 October 2017*

A\$m	PNW <sup>2,4</sup>	Crocmedia <sup>3,4</sup>	Adjustments <sup>1</sup>	Combined Group <sup>2,3</sup>
<b>Revenue</b>	22.7	26.1	-	48.7
<b>EBITDA</b>	<b>3.5<sup>5</sup></b>	<b>3.9<sup>5</sup></b>	<b>3.0</b>	<b>10.4</b>
Less: D&A	(1.0)	(0.2)	-	(1.3)
<b>EBIT</b>	<b>2.5</b>	<b>3.7</b>	<b>3.0</b>	<b>9.2</b>
Less: Interest	(0.3)	(0.0)	-	(0.3)
<b>NPBT</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>8.8</b>
Less: Tax <sup>4</sup>	(0.7)	(1.1)	(0.9)	(2.6)
<b>NPAT</b>	<b>1.5</b>	<b>2.6</b>	<b>2.1</b>	<b>6.2</b>
				-
<b>Shares on issue (millions)</b>	<b>71.1<sup>6</sup></b>		<b>131.6<sup>6</sup></b>	<b>202.7<sup>6</sup></b>
<b>Earnings per share (in cents)</b>	<b>2.12</b>		<b>-</b>	<b>3.04</b>

1. Pro forma adjustments include:

- An assumption that both businesses were trading for the period ended 31 October 2017 on a pro forma basis.
- Pro forma cost synergies of a minimum of \$3.0 million identified through the Merger (excluding restructuring costs); further potential revenue synergies have not been quantified.
- Tax impacts of adjustments.

2. PNW's financial statements are audited to 30 June 2017. The information for the period 30 June 2017 to 31 October 2017 is unaudited.

3. Crocmedia financial information is unaudited. Financial information presented assumes 100% earnings contribution from Thread.

4. Assumes 30% tax rate for merger analysis.

5. Both PNW and Crocmedia EBITDA figures are presented on a normalised basis.

6. PNW shares on issue does not include options outstanding and adjustment shares on issue, but includes the shares issued to Crocmedia vendors as a result of the Merger and the Placement shares.



# Combined Pro Forma Balance Sheet

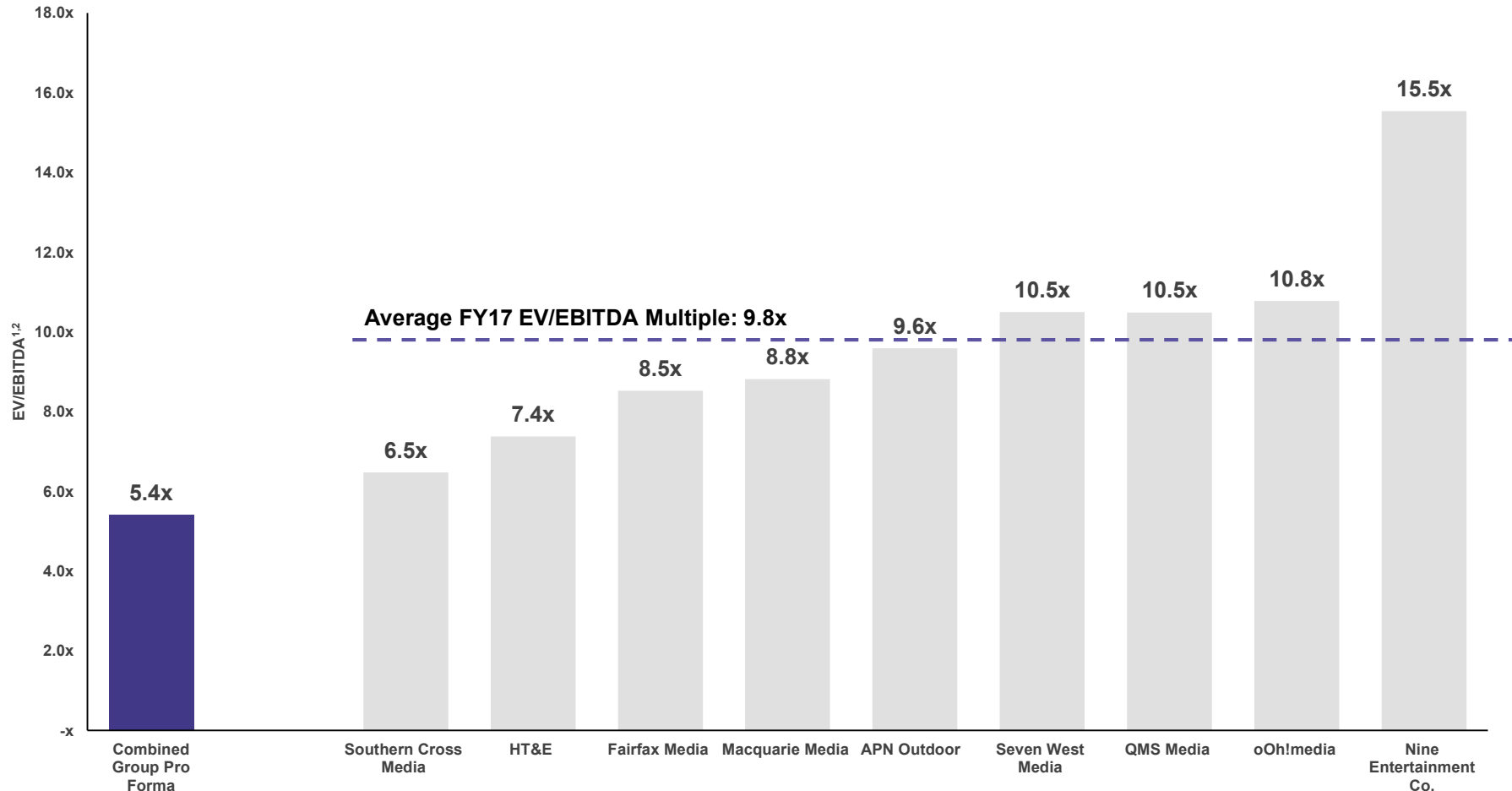
*Pro forma balance sheet<sup>1</sup> for the trailing twelve month period to 31 October 2017*

A\$m	PNW <sup>2</sup>	Crocmedia <sup>3</sup>	Adjustments <sup>1</sup>	Combined Group <sup>2,3</sup>
Cash and cash equivalents	1.6	1.4	7.8	10.8
Trade and other receivables	4.8	7.6	-	12.4
Prepayments	0.3	1.7	-	2.0
Other current assets	-	0.0	-	0.0
<b>Current assets</b>	<b>6.7</b>	<b>10.7</b>	<b>7.8</b>	<b>25.2</b>
Property, plant and equipment	1.4	2.2	-	3.5
Deferred tax asset	0.7	-	-	0.7
Intangibles and goodwill	10.8	1.5	15.3	27.5
Investments and receivables	0.3	0.4	-	0.6
Other non current assets	-	-	-	-
<b>Non current assets</b>	<b>13.1</b>	<b>4.0</b>	<b>15.3</b>	<b>32.4</b>
<b>Total assets</b>	<b>19.9</b>	<b>14.7</b>	<b>23.0</b>	<b>57.6</b>
Short term borrowings	5.8	(0.2)	-	5.5
Trade and other payables	2.2	3.9	-	6.1
Income tax	0.4	0.1	-	0.5
Current provisions	0.7	1.2	-	1.9
Other current liabilities	-	1.6	-	1.6
<b>Current liabilities</b>	<b>9.0</b>	<b>6.7</b>	<b>-</b>	<b>15.7</b>
Long term borrowings	-	0.7	-	0.7
Deferred tax liability	0.7	-	-	0.7
Other non current liabilities	-	0.0	-	0.0
<b>Non current liabilities</b>	<b>0.7</b>	<b>0.7</b>	<b>-</b>	<b>1.4</b>
<b>Total liabilities</b>	<b>9.7</b>	<b>7.4</b>	<b>-</b>	<b>17.1</b>
<b>Net assets / (liabilities)</b>	<b>10.2</b>	<b>7.3</b>	<b>23.0</b>	<b>40.5</b>
<b>Total equity</b>	<b>10.2</b>	<b>7.3</b>	<b>23.0</b>	<b>40.5</b>

- Pro forma adjustments include:
  - An assumption that both businesses were trading for the period ended 31 October 2017 on a pro forma basis.
  - \$7.8 million cash proceeds from Placement net of transaction costs.
  - \$15.3 million goodwill resulting from Merger.
- PNW's financial statements are audited to 30 June 2017. The information for the period 30 June 2017 to 31 October 2017 is unaudited.
- Crocmedia financial information is unaudited.

## Comparable Analysis – ASX Listed Media Peers<sup>1,2</sup>

**Domestic media peers traded at an average FY17 EV/EBITDA multiple of 9.8x relative to combined group pro forma LTM October EV/EBITDA multiple of 5.4x**



Source: Capital IQ and company analysis.

- All multiples are based on FY17 EBITDA, except for combined group pro forma. Combined group pro forma EV/EBITDA multiple refers to the implied EV/EBITDA multiple based on PNW's latest share price of \$0.30 (6 March 2018), the combined group pro forma balance sheet as at 31 October 2017 and the LTM 31 Oct 2017 normalised EBITDA for the combined group. The combined group pro forma EV/EBITDA multiple is derived from unaudited information of Crocmedia and PNW's audited financial information to 30 June 2017 and unaudited information to 31 October 2017.
- Multiples are based on the latest share price (6 March 2018).



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## Appendix 1 – Summary of Share Sale and Purchase Agreement

***PNW and all shareholders of Crocmedia entered into the Share Sale and Purchase Agreement (SSA) on 5 January 2018. The table below summarises certain key terms of the SSA***

Topic	Summary
Outline of proposed transaction	PNW will acquire all share capital in Crocmedia Pty Ltd and the minority interest in Thread Communications Pty Ltd ( <b>Thread</b> ) in exchange for the issue of 87.5 million share in PNW to the Crocmedia shareholders and the minority shareholder of Thread and 4.1 million performance rights to certain Crocmedia executives that will vest on completion
Conditions precedent	<p>Completion of the transaction is subject to the following conditions precedent:</p> <p>(a) approval by PNW shareholders of the following shareholder resolutions:</p> <ol style="list-style-type: none"> <li>an ordinary resolution of non-associated shareholders pursuant to section 611 item 7 of the Corporations Act 2001 approving the acquisition of all PNW shares by the Crocmedia shareholders and executives and the minority shareholder of Thread in connection with the Merger and the Placement.</li> <li>an ordinary resolution of non-associated shareholders pursuant to ASX Listing Rule 7.1 approving the issue of PNW Shares under the Placement.</li> <li>an ordinary resolution of non-associated shareholders pursuant to section 611 item 7 of the Corporations Act approving the acquisition of PNW shares by Viburnum under the Placement.</li> <li>an ordinary resolution of non-associated shareholders pursuant to ASX Listing Rule 10.11 approving the acquisition of PNW shares by an entity associated with a director, Mr Andrew Moffat, under the Placement.</li> <li>an ordinary resolution of non-associated shareholders pursuant to section 611 item 7 of the Corporations Act approving the acquisition by PNW of a relevant interest in the PNW shares arising under the escrow deeds for the shares to be issued pursuant to the Merger (<b>Consideration Shares</b>) and the shares to be issued pursuant to the Placement (<b>Placement shares</b>).</li> <li>an ordinary resolution of non-associated shareholders approving the appointment of Craig Hutchison and Chris Giannopoulos as directors of PNW with effect from completion.</li> <li>an ordinary resolution of non-associated shareholders under ASX Listing Rule 7.1 and ASX Listing Rule 7.2, Exception 9, and as exceptions to sections 259A and 260A of the Corporations Act, pursuant to sections 259B(2) and 260C(4), respectively, approving the issue of Rights under, and in accordance with, the equity incentive plans.</li> </ol> <p>(b) each party to each material contract consents to the transaction on terms acceptable to PNW and Crocmedia.</p>

## Appendix 1 – Summary of Share Sale and Purchase Agreement cont'

Topic	Summary
Conditions precedent cont'	<p>(c) the acquisition of the minority shareholding in Thread Communication Pty Ltd occurring.</p> <p>(d) PNW approves the terms of any contracts currently being negotiated by Crocmedia.</p> <p>(e) there not being any material adverse change in either PNW or Crocmedia, being a matter that has the effect of a diminution in forecast EBITDA after completion of \$600,000 or more.</p> <p>(f) there not being a material breach of warranty or of the pre-completion obligations of the parties.</p> <p>(g) all security interests granted by a certain Crocmedia shareholder over the shares in Crocmedia held by such shareholder are released.</p> <p>(h) Any entity controlled by any of the Crocmedia shareholders that will not be acquired as part of the Merger, that's name includes the word "Crocmedia" will change its name to no longer include the word "Crocmedia" in its name.</p> <p>(i) completion of the Placement occurring.</p> <p>(j) restructuring of employee equity entitlement arrangements.</p> <p>(k) if completion is likely to occur after 30 March 2018, the extension, consent or refinance of PNW's debt facilities.</p> <p>(l) PNW obtaining a scheduled outside entity endorsement to its directors and officers insurance policy for Digital Radio Broadcasting Melbourne Pty Ltd.</p>
Locked Box	<p>The SSA contemplates a "locked box" mechanism, whereby any payments to shareholders or related parties after 31 October 2017 that are not in the ordinary course of business are not permitted, and will result in adjustments to the purchase price at completion if they occur.</p>



## Appendix 1 – Summary of Share Sale and Purchase Agreement cont'

Topic	Summary
Warranties and indemnities	Each of the shareholders of Crocmedia and PNW give warranties and indemnities to each other that would be typical for a vendor of Crocmedia (in the case of the Crocmedia shareholders) or a vendor of PNW (in the case of PNW).
PNW Board recommendation	<p>Each member of the PNW board of directors (<b>PNW Board</b>) (except to the extent they are conflicted in respect of a resolution) must recommend that PNW shareholders vote in favour of the shareholder resolutions above and not change, withdraw or modify that recommendation unless:</p> <ul style="list-style-type: none"> <li>(a) the Independent Expert issues an Independent Expert's Report which concludes that the transaction is not 'fair' or not 'reasonable';</li> <li>(b) a superior proposal is made which the Crocmedia shareholders fail to match (see 'Exclusivity' below); or</li> <li>(c) PNW Board has determined, after receiving legal advice, that by virtue of the directors' duties of the members of the PNW Board, is required to change, withdraw or modify its recommendation.</li> </ul>
Period before completion	The Crocmedia shareholders must ensure that Crocmedia and each of its related bodies corporate, and PNW must ensure it, carries on its business in the ordinary and normal course and, in particular, the Crocmedia shareholders and PNW must not agree or commit to do certain specified actions, except as expressly permitted by the SSA or as consented to by the other party (which must not be unreasonably withheld or delayed).

## Appendix 1 – Summary of Share Sale and Purchase Agreement cont'

Topic	Summary
Exclusivity	<p>PNW must not, during the period of signing to the earlier of termination under the SSA or completion of the transaction:</p> <ul style="list-style-type: none"> <li>(a) initiate, solicit, seek or encourage (where unsolicited);</li> <li>(b) entertain, encourage, discuss, negotiate or respond to or accept from;</li> <li>(c) disclose or otherwise make available any non-public information concerning PNW's business to; or</li> <li>(d) enter into any agreement, arrangement or understanding with,</li> </ul> <p>any person or group of persons in respect of any proposal, approach or offer to acquire control of PNW or any significant portion of the companies or assets (both tangible and intangible) relevant to the operation of PNW's business or that might require or that would cause PNW to abandon, terminate or fail to consummate the transaction.</p> <p>However, the exclusivity restriction does not restrict the PNW or any of its directors from taking or refusing to take any action with respect to a competing proposal provided:</p> <ul style="list-style-type: none"> <li>(e) that it is bona fide and is made in writing by or on behalf of a person that the directors of PNW consider is of reputable commercial standing; and</li> <li>(f) the directors of PNW have determined in good faith (after receiving advice from financial and legal advisors) that failing to take the action or refusing to take the action (as the case may be) with respect to the competing interest would be likely to constitute a breach of the fiduciary or statutory obligations of the directors of PNW.</li> </ul>
Break fee	<p>If PNW breaches its exclusivity obligations under the SSA, including without limitation in relation to entering into any agreement with, any person or group of persons in respect of, or by publicly recommending, a competing proposal during the Exclusivity Period, PNW must indemnify the Crocmedia shareholders for all fees, expenses and costs incurred by the Crocmedia shareholders in connection with the transaction up to \$250,000.</p>

## Appendix 2 – Risk Disclosure

***This is a summary of risks only. It does not take into account the investment objectives, financial situation, taxation position nor particular needs of investors. The information set out below does not purport to be, nor should it be construed as representing, an exhaustive summary of all possible risks.***

There are risks associated with an investment in the Merged Group, the value of the shares and other risks of which an investor should be aware. These risks include:

- risks specific to the Merger and the Placement, including risks:
  - to completion of the Transactions;
  - of reliance on information related to and provided by Crocmedia;
  - of acquiring Crocmedia;
  - of dilution of current PNW shareholders and of control of the Merged Group; and
  - that counterparties to PNW and Crocmedia material contracts may not consent to (or support in the future) the Merger;
- risks to the Merged Group, including risks relating to:
  - expected synergies;
  - the recruitment, retention and motivation of key personnel;
  - the competitive media market;
  - the protection of the Merged Group's intellectual property;
  - the regulatory landscape of the Australian broadcasting industry; and
  - legal and other claims of disputes; and
- general risks, including risks relating to:
  - the media industry; and
  - financial and regulatory risks.