

# **PACIFIC STAR NETWORK LIMITED**

## **2020 ANNUAL GENERAL MEETING**

**CHAIRMAN & MANAGING  
DIRECTOR ADDRESS**

**24 NOVEMBER 2020**

# CHAIRMAN'S ADDRESS.

*Notwithstanding COVID-19 our strategy remains the same*

## 1. PNW's Objectives (Crocmedia merger and next three to five years)

### a. Strategic Ambition

- Build a national specialist sports media and entertainment business

### b. Operating Priorities

- Sports led content
- Audio led distribution (on the dial and digital on demand), niche streaming and broadcasting
- Complimentary Services (event and marketing activation, talent management, publications)

**All designed or packaged to create unique and effective brand advertising solutions – “connecting brands to fans”**

### c. Financial and Capital Flightpath

- Growth - increase enterprise value and earnings in each fiscal year \*
- Invest in strategic ambition – new stations, sports rights, talent, content and production infrastructure
- Performing along the way – double digit revenue and underlying EBITDA growth, audience reach and relevance, brand reach and satisfaction \*
- Funding sources – merger synergies, operating cash flow, reasonable debt and equity

\* Temporarily impacted by COVID-19

# WHAT WE DO.

**SPORTS  
ENTERTAINMENT  
GROUP.**

*We invest in high profile talent and broadcast rights to create highly engaging content to connect our national brand partners with audiences on a mass scale*

## Talent

+

## Rights

=

## Unique content



**SPORTS  
ENTERTAINMENT  
NETWORK.**

**SEN**

**SEN  
SPIRIT**



**AFL RECORD**

**Ballpark**

**BRAVO  
MANAGEMENT**

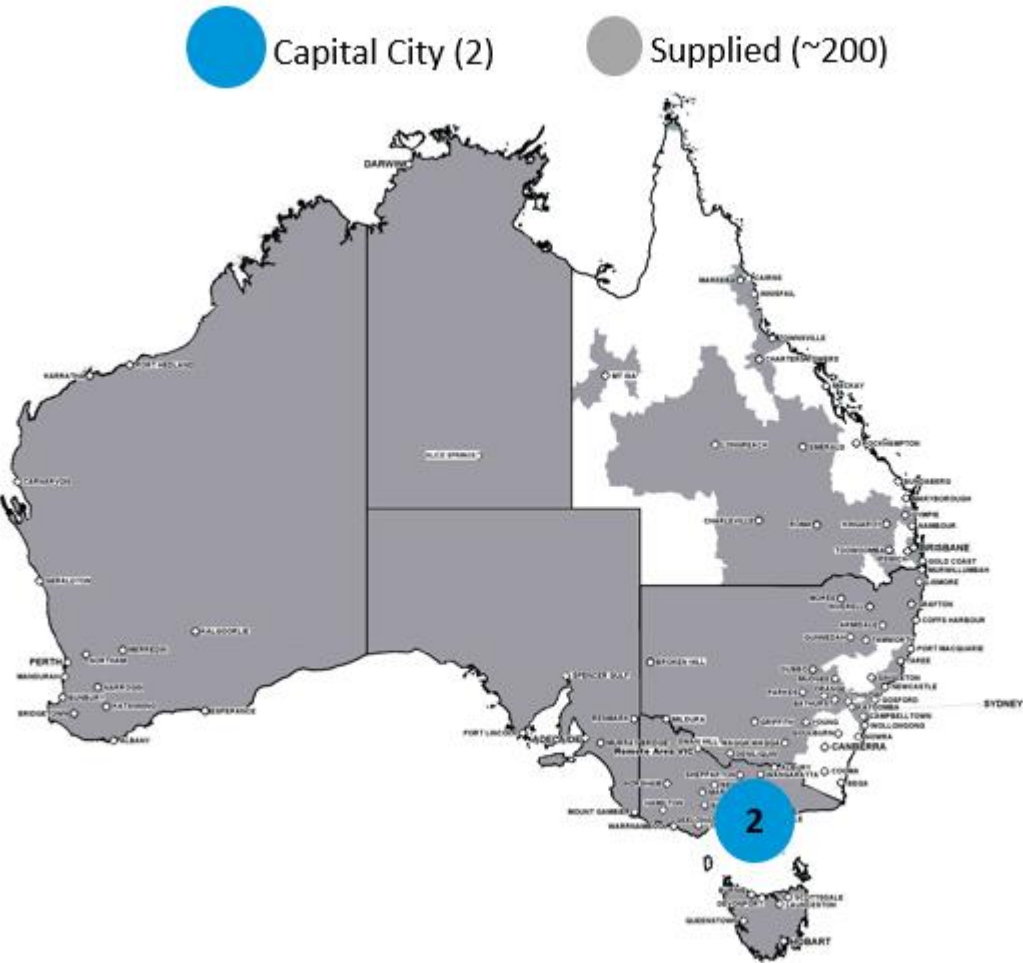
**RAINMAKER.**



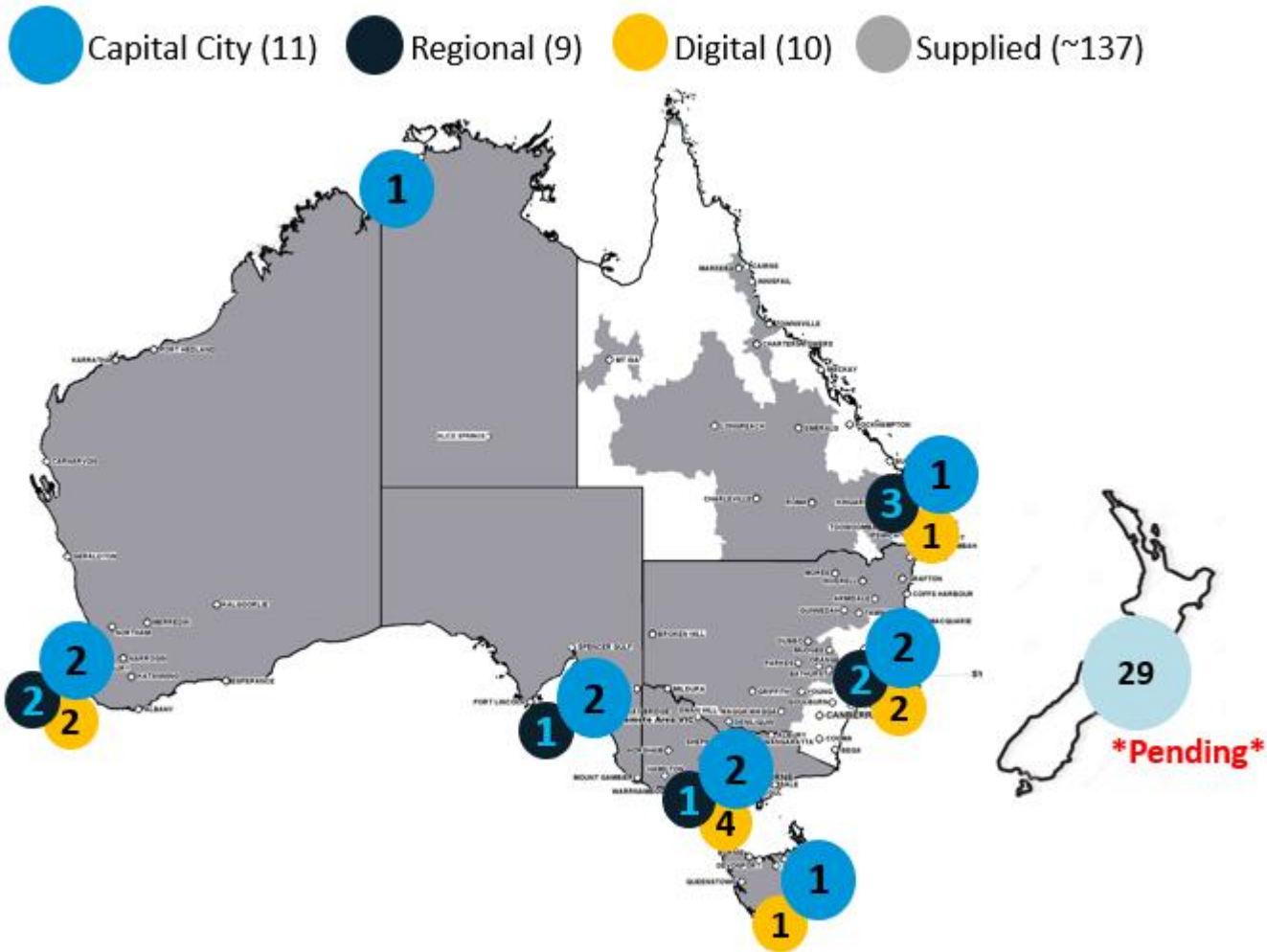
# A NATIONAL OWNED AND SUPPLIED NETWORK.

Leverage unique content across an increasing network of radio stations – “on the dial” (owned and supplied) and “on demand” (digital)

PNW / Crocmedia Merger – March 2018



November 2020



# AUDIENCE REACH AND INVENTORY.

*Expanded audience reach and expansion of radio and digital networks over the last 12 months has doubled available inventory (increased revenue opportunity)*

## Live Consumption

Radio | App Stream | Website Stream

**3.5 million**  
weekly listeners

SEN  
652,000  
weekly listeners

SENTrack  
282,000  
weekly listeners

Syndicated  
Shows  
3.5 million  
weekly listeners

Live Stream  
241,000  
weekly streams

Concurrent  
Minutes  
Listened Live  
56.7 million

## On Demand Consumption

Podcast | Video On Demand | News Articles

**1,100,000**  
users monthly

Web & App  
1,100,000  
monthly users

Social Reach  
998,000  
Facebook users

News Articles  
5.2 million  
monthly views

Podcasts  
3.1 million  
monthly listens

Videos  
9.1 million  
monthly views

## Inventory & Revenue Opportunity

On the Dial | On Demand

**~1,300,000**  
spots

~30%  
owned

**\$67M**  
FY20 revenue

**~3,200,000**  
spots

~80%  
owned

**~\$100M+**  
theoretical revenue

# CREATING SHAREHOLDER VALUE OVER TIME.

## Today....

- ASX-listed media peers trade on an average FY21 EV/EBITDA multiple of ~8.3x<sup>1</sup>
  - applied to underlying CY19 EBITDA of \$8.1m (proxy for no COVID-19 impact), implies a ~\$0.26 PNW share price
  - CY19 revenue was ~\$72m and FY21 revenue was ~\$67m (COVID-19 impacted)

## Looking forward....

- We enter FY21 with an expanded network (Spirit 621AM, 2CH Sydney, SENTrack, NZ TAB), expanded audience reach and increased advertising inventory
- We have a predominantly fixed operating cost base providing significant leverage
  - indicatively, our cost structure would be expected to deliver EBITDA of ~\$25 – 35m from ~\$100m revenue
- To illustrate potential to create value from existing assets, ~8.3x peer multiple average applied to theoretical ~\$30m EBITDA implies a ~\$1.00 PNW share price<sup>2</sup>
- We are also confident our 'Whole of Sport' strategy, with an audio-led distribution footprint 'on the dial' and 'on demand' is building unique and strategic value

Source: S&P Capital IQ as at 23 November 2020

1. Peers include Nine Entertainment Co. Holdings Limited, HT&E Limited, Southern Cross Media Group Limited and Seven West Media Limited. Calendar year end companies compiled using CY20 and CY21 average
2. Capital structure adjusted for acquisition of 2CH, 1539AM Sydney, 1539AM Melbourne and 90.7FM Darwin, disposal of 1377AM Melbourne and completion of the fully underwritten non-renounceable entitlement offer. Refer to the 2020 Annual Report for further details of these transactions.



# CEO'S ADDRESS.







*The second half of FY20 was challenging due to the COVID-19 pandemic but it was an overall rewarding year for PNW.*

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- Revenue for the nine months to March 2020 was 14.9% up on the pcp in line with our strategic objectives
- 4Q20 revenue was down 50.3% on pcp, impacted by the COVID-19 pandemic
- Several cost initiatives were implemented in response to the COVID-19 pandemic with some removed permanently from the cost base (e.g. restructure of workforce, termination of surplus supply agreements)
- \$13.8 million of undrawn financing facilities were available as at 30 June 2020 (addressed capital structure)

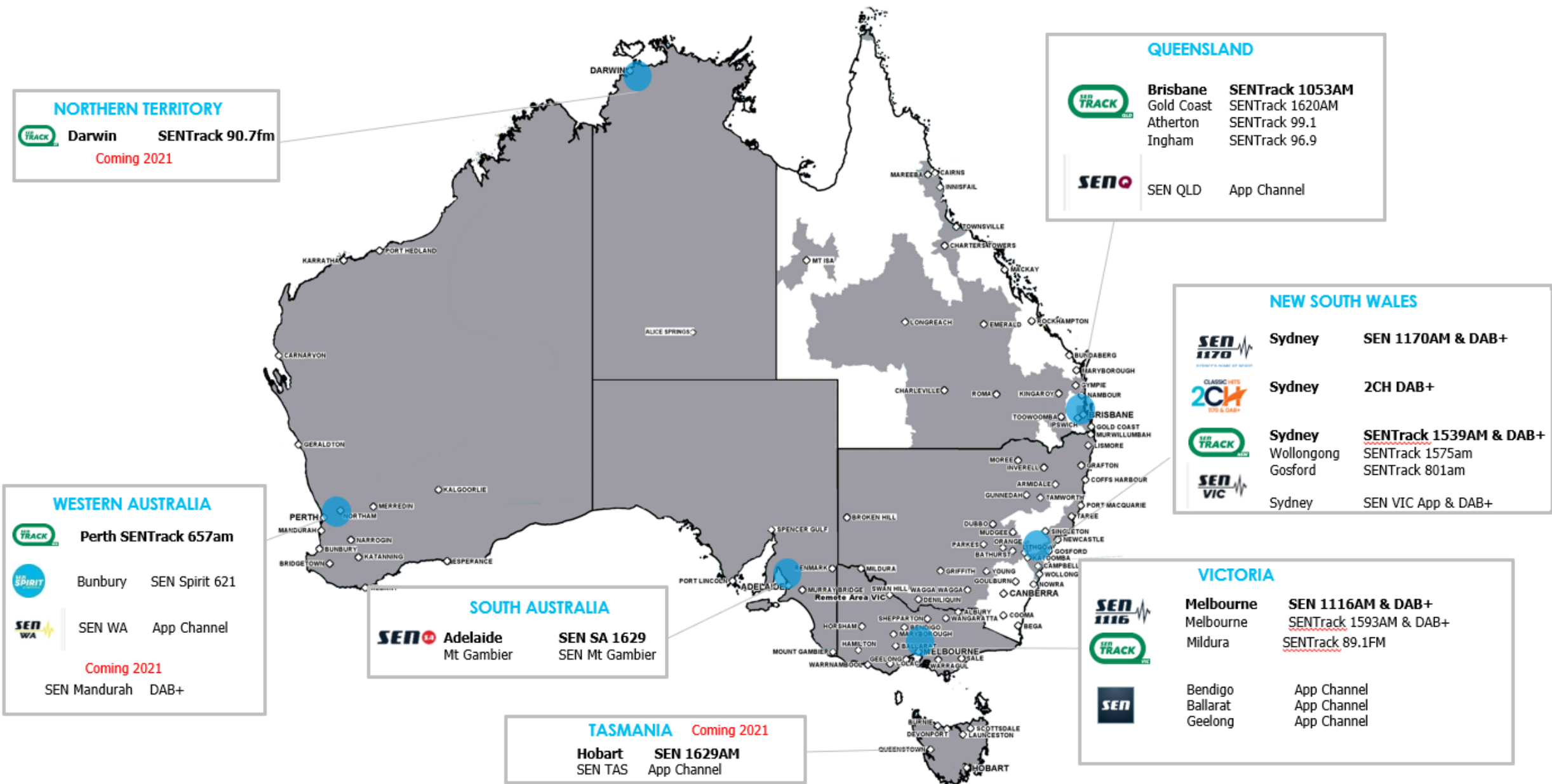
# STRATEGIC ACQUISITIONS – RADIO LICENCES.

**Strategic Ambition: Build a national specialist sports media and entertainment business**

<i>Acquisition / Divestment</i>	<i>Branding</i>	<i>Status / Rationale</i>
621AM Spirit Bunbury (May 2020)		Re-launched as SEN Spirit Southwest in August 2020  Aligns with our radio-led content distribution strategy, expanding our network of owned radio platforms and mass audience reach.
1170AM 2CH Sydney (July 2020)		Re-launched as 1170 SEN Sydney in October 2020, 2CH Classic Hits re-launched on DAB+  Expands our owned radio platform and audience reach into Australia's largest radio advertising market.
1539AM Sydney 1593AM Melbourne 90.7FM Darwin (July 2019)		Expansion of SENTrack – Australia's first independent 24/7 national racing, harness and greyhound radio service  Activated narrowband licences acquired in July 2019
New Zealand - 29 AM/FM radio licences (November 2020)		Heads of Agreement signed in November 2020 (subject to due diligence)  Extension of the SENTrack racing radio service concept and our 'whole of sport' strategy
1377AM 3MP Melbourne (July 2020)		Licence was surplus to needs with the acquisition of 1593AM Melbourne  Provided \$4.5m gross proceeds from sale

# OUR COMBINED OWNED AND SUPPLIED NETWORK.

**SPORTS  
ENTERTAINMENT  
GROUP.**





## WEBSITE & APP



**1.1M**

WEB  
UNIQUE USERS

**78K**

APP  
UNIQUE USERS

**9.5 MILLION** WEBSITE & APP PAGE VIEWS

**1.3 MILLION** LISTEN LIVE AUDIO STREAMS

**5.1 MILLION** NEWS ARTICLE READS



**PODCAST**

**3.1 MILLION** LISTENS

**316K** LISTENERS



**9.1 MILLION VIDEO VIEWS**  
across web, app and social  
media platforms



**16.9 MILLION IMPRESSIONS**  
**546,700 PER DAY**



**2.1 MILLION ENGAGEMENTS**  
**998,000 USERS REACHED**

*We continue to invest and evolve our fast-growing digital platforms, supporting our core belief of providing listeners the choice of what to listen to and when they want to listen to it.*

Source: Whooshkaa, Facebook Business Manager, Twitter, JW Player, Google Analytics (01/10/20-31/10/20)

**SEN**

*Our ability to 'connect a brand to a fan' using our 'Whole of Sport' strategy, via radio, television, print, stadium, digital and events remains a strength during volatile media advertising markets*

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- Trading in 1Q21 has trended profitably and positively compared to the acute decline in 4Q20
- 1Q21 revenue decline compared to the pcip has improved to 37% compared to 52% in 4Q20
- 1Q21 broadcasting revenue was down 17% compared to the pcip (in a radio advertising spend environment down 28%<sup>1</sup>)
- Conditions remain challenging but tight cost control measures remain in place and signs have been positive with the acquisitions and launches of *SEN Spirit 621 Southwest*, *1170 SEN Sydney* and launch of the *SENTrack* racing network
- Budgeting a positive FY21 EBITDA result but remains subject to no material changes in economic and COVID-19 pandemic conditions
- Working capital levels remain healthy with the \$13.5m debt facility extension fully available

1. Commercial Radio Australia figures compiled by Deloitte

## RE-BRANDING INITIATIVE.

**SPORTS**  
ENTERTAINMENT  
**GROUP.**

*The continued evolution of the business from its syndicated regional radio beginnings to the dynamic multi-platform sports and entertainment business and crystallisation of our “Whole of Sport” strategy*

**Pacific** ★ **Star**  
Network

*evolves to*

**SPORTS**  
ENTERTAINMENT  
**GROUP.**

**CROC**MEDIA.

*evolves to*

**SPORTS**  
ENTERTAINMENT  
**NETWORK.**

**SPORTS**  
ENTERTAINMENT  
**NETWORK.**

**SEN**

**SEN**  
**SPIRIT**

**SEN**  
**TRACK**

**AFL** **RECORD**

*Ballpark*

**BRAVO**  
MANAGEMENT

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