

Pacific Star Network Limited

**2018 Annual General Meeting
30 November 2018**

**Held at 3:00pm AEDT at
Level 5, 111 Coventry St, Southbank, Vic 3006**

(\$ million)	FY18 Pro forma Run Rate	FY19 Guidance
Revenue		
Total Revenue	56.0	64.0
Operating Expenses	48.7	55.0
EBITDA	7.3	9.0
+ Merger Normalisations	0.5	-
+ Raceforce Media Abnormal Costs	0.2	-
Underlying EBITDA	8.0	9.0*

* Expected underlying EBITDA range between \$8.75m to \$9.25m



Based on EBITDA results to Oct 18 we are comfortable with our FY19 Underlying EBITDA guidance of \$8.75 to \$9.25million up from \$8.0 million in FY18



We have invested in resources to support organic revenue growth initiatives and anticipate a FY19 return on these investments



We anticipate growth in revenue streams from our expanded year-round portfolio of live sport radio broadcasting rights and maturity of existing products



Growth will be further supported by realisation of merger synergy initiatives already implemented

CEO Address November 2018

Business Update

Accelerated integration initiatives have resulted in implementation of merger cost synergies within three months of completion, well ahead of plan



Accelerated implementation of \$3.0 million in identified cost synergies, effective 31 August 2018, was driven by numerous operational initiatives:

- consolidated sales teams, broadcast operations and talent, and administrative functions
- centralised head-office employees into a single location
- eliminated duplicated costs including office leases
- implemented best-of-business practices group-wide



Cost synergies have allowed *reinvestment into organic revenue growth initiatives* to support future revenue growth initiatives (discussed on following pages)

We launched SEN+ on our second radio platform 1377 kHz AM, to drive an additional live sports agenda and leverage existing radio broadcast rights and content partnerships



SEN+ features almost exclusively sports content, including:

- dedicated VFL calls
- almost 100 A-League matches, becoming the dedicated radio home of national A-League matches
- Melbourne United content and matches
- cricket and racing content



We will engage with premier leagues and codes on *additional broadcast opportunities* with community and women's sport as key focus areas

We have acquired the AFL Publishing business, responsible for numerous football publications, including the iconic AFL Record - the official match program for more than 100 years

- ★ *The AFL Publishing business is responsible for **publication of the iconic AFL Record**, AFLW publications, the AFL Season Guide, JLT Community Series, AFLX, International Rules Series and the AFL Finals and Toyota Grand Final Editions*
- ★ *The acquisition **expands our 'Whole of Sport' offering and complements our suite of existing AFL assets**, provides exciting opportunities to integrate brand partners across multiple touchpoints while connecting footy with fans and deepens our AFL association*
- ★ *The total \$8.1m purchase price comprises \$5.85m cash payable in three instalments over 12 months^{1,2} plus \$2.25m prepaid advertising to be retained by the AFL*
- ★ *Incremental EBITDA from the acquisition is anticipated to be in the region of \$3.0-3.3m per AFL season representing **a 2.5-2.7x multiple***

1. Payable \$2.38m on completion, \$1.73m on 31 October 2018 and \$1.73m on the anniversary of completion

2. The Company will be entitled to profits from the business from round 9 of AFL season 2018, with the quantum of these profits to be deducted from the second purchase price instalment payable on 31 October 2018

Strategic Divestment: Morrison Media

We divested our non-sport publishing business, Morrison Media, following a strategic review of our publishing assets and related opportunities

-  *Morrison Media was responsible for non-sport related publications including Frankie Magazine and Smith Journal*
-  *Aligns with the expansion of our 'Whole of Sport' offering by **divesting non-sport related publications***
-  *Total sale consideration was \$2.4 million cash less working capital adjustments payable 70% on settlement and 30% on 30 June 2019*

We have acquired of a 25% shareholding in Australia's premier National Basketball League club, Melbourne United

- ★ *The acquisition gives **us greater access to brands and products** and this partnership was secured prior to the NBL national television expansion announcement in 2018*
- ★ *Melbourne United has risen to the top of Australian basketball in just four years and is on its way to becoming one of the leading Australian sports and entertainment franchises*
- ★ *The acquisition **expands our 'Whole of Sport' offering, providing brand partners additional audience touchpoints** – a unique end-to-end solution from community and grassroots, to the incredible exciting match day environment*
- ★ *Provides new and unique revenue opportunities, including live commercial radio broadcasting of all Melbourne United's home, away and finals games*
- ★ *The acquisition **smooths the seasonality of our broadcasting revenue streams** and complements our existing radio broadcast rights partnerships with the AFL, NRL, A-League, Cricket Australia, NFL and Racing Victoria*