APN NEWS & MEDIA LIMITED
ABN 95 008 637 643

APN Half Year Results

2015

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NEWS & MEDIA

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AGENDA

- **2015 H1 Group financial results**
- **APN ongoing strategy**
- **Divisional updates**
    - Australian Radio Network (ARN)
    - NZME.
    - Australian Regional Media (ARM)
    - Adshel
    - Hong Kong Outdoor
- **2015 H1 Group financials**
- **Summary**
- **Trading update**
- **Questions**

2015 H1 GROUP FINANCIAL RESULTS

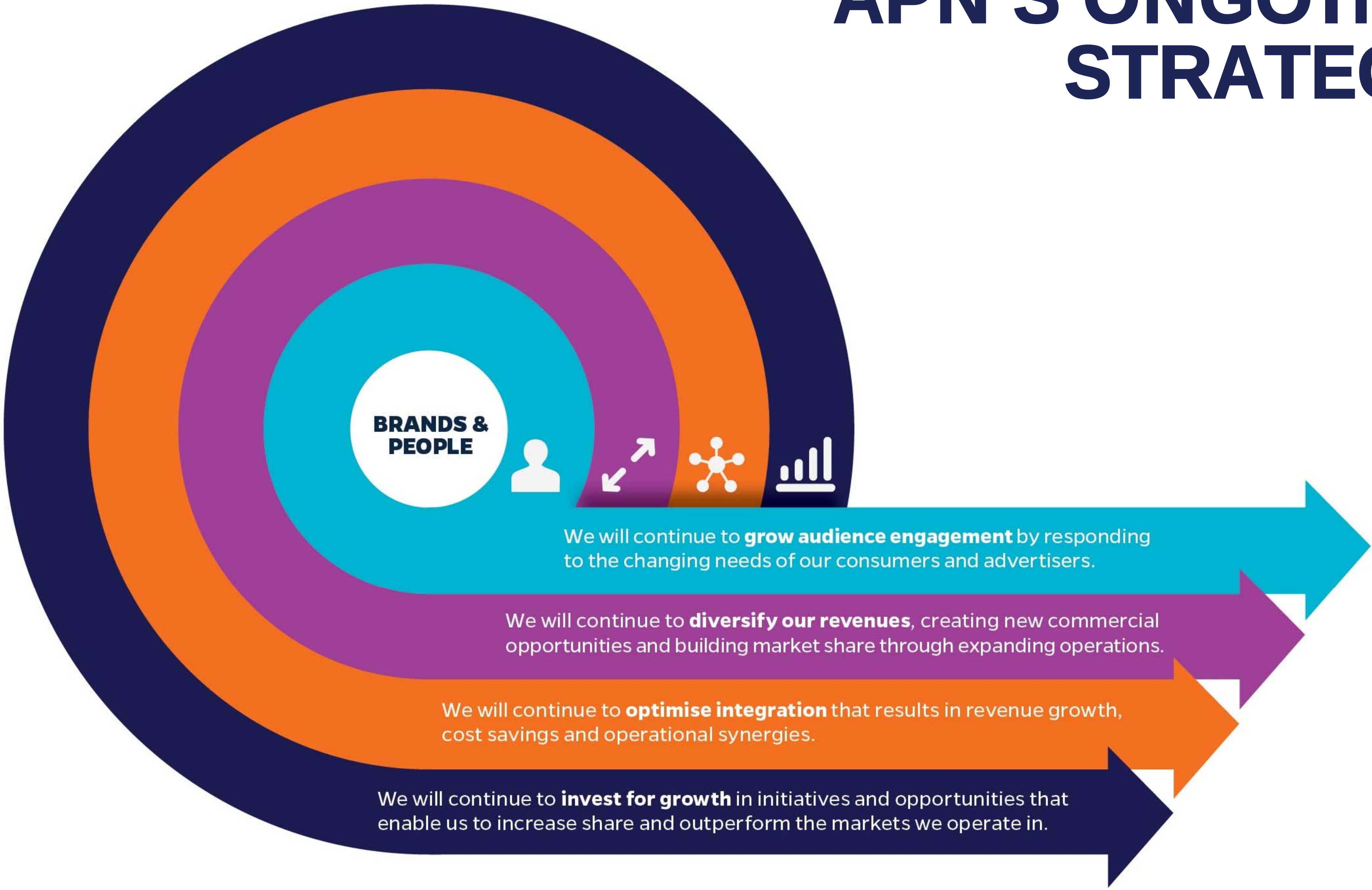
6 months to 30 June (A$ million)	2015	2014
Revenue from continuing operations	427.6	405.9
EBITDA*	71.2	70.7
EBIT*	52.8	54.3
Net profit after tax	25.1	24.3
Profit/(loss) from discontinued operations	-	(0.5)
Net profit after tax before exceptional items	25.1	23.8
Exceptional items	(17.7)	(1.2)
Profit attributable to shareholders	7.5	22.6

* From continuing operations and before exceptional items

2015 H1 highlights and financial commentary – Strong Q1 but soft market conditions affected Q2

- Group revenues up 5% (3% on a constant currency basis). Perth 96FM accounts for 2% of this growth
- EBITDA up 1% driven by ARN's strong performance and acquisition of 96FM; partially offset by investment in NZ integration
- NPAT pre-exceptionals up 3%
- Exceptional items include a provision for an onerous contract in our Hong Kong Outdoor business
- Debt extended to 2019
- Strong cash flows have brought leverage back below 3 times, after stretching from 2.8 at December to 3.1 for the acquisition of 96FM
- As per dividend policy, an interim dividend will not be paid at this time

APN'S ONGOING STRATEGY



DELIVERING TO STRATEGY

H1 Operational highlights

Grow audience engagement

- Launch of Adshel's network of digital screens in NZ
- Increased focus on ARM's content and social offering
- Investment in ARN stations in Melbourne and Perth has seen audience share grow

Diversify our revenues

- Founding investor in content marketing company, Emotive
- Acquisition of NZ events company Peacock Promotions
- Acquisition of niche titles at ARM

Optimise integration

- ARM distribution partnership with News Corp Australia
- Integration of Perth's 96FM into ARN is ahead of expectations
- NZME's integration is on-track to deliver to forecast set in 2014

Invest for growth

- Acquisition of Perth's 96FM radio station
- Launch of Adshel's beacons program in Australia

Australian Radio Network

(ARN)

AUSTRALIAN RADIO NETWORK

APN NEWS & MEDIA

Australia's number one radio network

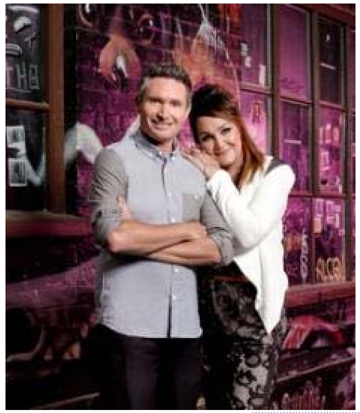
Sydney
- WSFM - #1 FM radio station
- Equal #1 FM breakfast shows
- Hughesy & Kate - #2 FM Drive

Melbourne
- Gold 104.3 #1 FM radio station
- New breakfast show on KIIS 101.1 has increased audience from 2014
- Hughesy & Kate - #1 FM Drive

Brisbane
- 97.3 #1 radio station
- Robin, Terry & Bob on 97.3 #1 breakfast show
- Hughesy & Kate - #2 Drive

Adelaide
- Mix 102.3 #1 radio station
- #1 breakfast show for 39th straight survey on Mix 102.3
- Hughesy & Kate - #1 Drive

Perth
- YOY cume and share up on 2014 average
- Breakfast up from 9.7 in 2014 to 10.3
- Hughesy & Kate - #4 Drive



AUSTRALIAN RADIO NETWORK

Continues to outperform the market

Financial

- Radio market up 5% in the six months to June
- ARN revenue up 19% before the impact of the acquisition of 96FM, 29% after
- ARN's agency revenues up 35% excluding impact of 96FM, 45% inclusive
- Digital revenues up 133%
- Cost growth reflective of 96FM acquisition ($5m); revenue growth (commissions, royalties etc - $4m); investment in content, including Emotive launch ($3m) and additional marketing ($2m)
- Fixed cost growth will return to nominal levels from 2016
- Perth integration ahead of plan

A$ million	2015	2014	% change
Revenue	104.6	81.2	29%
Costs	(68.0)	(52.2)	30%
EBITDA	36.6	29.0	26%

Revenue	2015	2014	% change
Agency	66.7	46.0	45%
Direct	34.9	32.9	6%
Other	3.0	2.3	29%
TOTAL	104.6	81.2	29%

AUSTRALIAN RADIO NETWORK

Growth agenda

- EXPAND EMOTIVE
- GROW IHEARTRADIO
- DIGITAL
- 5-CAP NETWORK
- 96FM PERTH
- NATIONAL DRIVE
- MELBOURNE B’FAST
- SYDNEY

NZME.

New Zealand Media and Entertainment

APN NEWS & MEDIA

NZME INTEGRATION UPDATE

Transformation ahead of expectations

One integrated business	
Co-location	One sales team
One newsroom	Leveraging product sets
One culture	New business streams
New technology – one digital ecosystem	

Integration on-track

- Integration starting to deliver the strategic, operational and commercial objectives
- H1 digital investments to realise further revenue benefits in H2
- Digital audience growth has outperformed the market
- Increased focus on new revenue streams and branded content including investments in digital, content and sales capability
- Cost savings of $18m, related to the integration and procurement
- Co-location driving integration opportunity: nine regional co-locations complete. Auckland office co-location commencing in Q4
- Gaining traction in people and culture initiatives including one newsroom and one sales team approach

NZME.

Revenue flat in a tough market

6 months to 30 June 2015	Revenue		Costs		EBITDA	
NZ$ million	2015	% change	2015	% change	2015	% change
NZME Publishing	145.9	0%	(121.9)	0%	24.0	(2%)
NZME Radio	60.3	(2%)	(49.5)	(2%)	10.8	(1%)
NZME eCommerce	8.6	(11%)	(6.8)	(11%)	1.8	(11%)
NZME Group	-	-	(4.2)	-	(4.2)	-
NZME Total	**214.9**	**(1%)**	**(182.5)**	**1%**	**32.4**	**(13%)**

- Market conditions softened in Q2 after a strong Q1
- Revenue flat and overall trading performance for the half in line with the previously released Nov forecast
- Investment in digital driving digital revenue growth - up 31% YoY
- New revenue streams including NZME Events and NZME Experiential also starting to deliver incremental revenues
- Increased integration costs has impacted EBITDA
- Costs of NZME group executive team and other integrated functions now reported separately

NZME. PUBLISHING

Improved results in publishing

Financial

- Revenue performance (on a like for like basis) driven by:
  - Strong real estate and digital revenues
  - Integrated sales revenues
  - Soft agency market, particularly in Q2
  - Improved subscriber yield program offsetting circulation declines
  - Fairfax print agreement

NZ$ million	2015	2014	% change	% change exc Mags
Revenue	145.9	146.1	0%	2%
Costs	(121.9)	(121.7)	0%	2%
EBITDA	24.0	24.5	(2%)	(1%)

Operational highlights

- 12% growth in online only audience
- Printing agreement with Fairfax Media has led to distribution partnership commencing in H2
- Non-renewal of Pacific Magazines licence from September 2015 is marginally EBITDA positive
- NZ Herald continues to be the most read news media brand nationally
- Digital registrations to commence by end of 2015

NZ$ million	2015	2014	% change	% change exc Mags
Advertising	88.8	91.0	(2%)	(2%)
Circulation	48.2	50.6	(5%)	0%
Other	8.9	4.5	98%	98%
Total	145.9	146.1	0%	2%

% change exc Mags adjusts for certain magazine titles sold in February 2014

NZME. RADIO

Soft agency conditions

Financial

- Weak agency market in Q2, down 13% after growth of 9% in Q1*
- NZME Direct revenues up 2% YoY, with strong growth in Auckland
- Phase one re-structure associated with the merger occurred

Operational highlights

- Major station changes generated growth in the 25-54 audience segment
- #1 radio stations nationally in News, Sport and Music
- #1 and #2 radio websites nationally following increased digital focus
- iHeartRadio NZ delivered three successful events
- 377k iHeartRadio registrations, revenues have grown 17%

NZ$ million	2015	2014	% change
Revenue	60.3	61.4	(2%)
Costs	(49.5)	(50.5)	(2%)
EBITDA	10.8	10.9	(1%)

NZ$ million	2015	2014	% change
Direct	35.9	35.1	2%
Agency	21.9	23.7	(8%)
Other	2.5	2.6	(3%)
Total	60.3	61.4	(2%)

* Source: SMI

NZME. ECOMMERCE

Challenging half with improvement plan in place

Financial

- Email deliverability impacted revenue, issue being addressed
- Increased competition with retailer owned eCommerce solutions
- Organisational restructure completed with a cost saving and local revenue focus

NZ$ million	2015	2014	% change
Revenue	8.6	9.7	(11%)
Costs	(6.8)	(7.7)	(11%)
EBITDA	1.8	2.0	(11%)

Operational

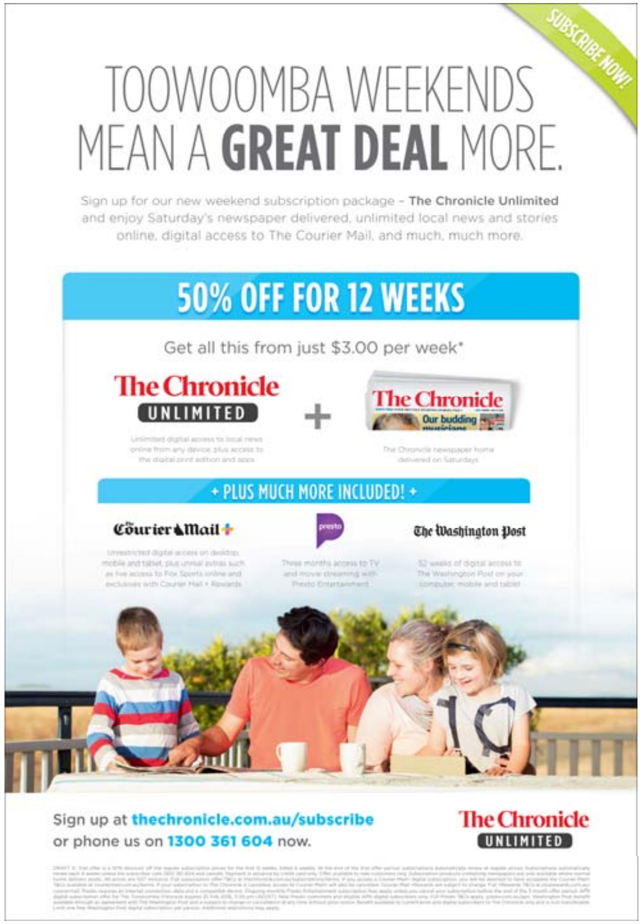
- Strong deal quality with both conversion and average value per order performing well
- Deal localisation strategy underway with early signs of success
- Leveraging NZME client relationships and media assets to grow new revenue streams
- GrabOne contributing to channel marketing campaign solutions for retailers

Australian Regional Media

(ARM)

AUSTRALIAN REGIONAL MEDIA

Regional digital subscriptions



Launching 25 August

A subscription to ‘The Chronicle Unlimited’ will give users:

- Unlimited digital access to The Chronicle online;
- Full access to *The Chronicle’s* new responsive mobile and tablet apps; and
- Full access to a digital replica of *The Chronicle’s* print edition.

In addition from $6/week, digital subscribers will also be able to receive:

- Unrestricted digital access to *The Courier-Mail*;
- Membership to *The Courier-Mail’s* +Rewards program;
- Digital subscription access to FOX SPORTS’ online website;
- 52 weeks of free digital access to *The Washington Post*; and
- Three months access to the Presto Entertainment bundle.

AUSTRALIAN REGIONAL MEDIA

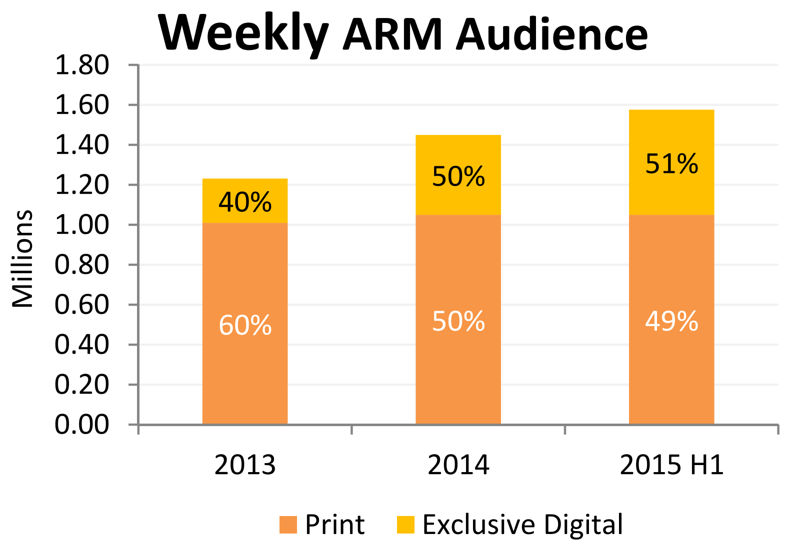
Audience revenue and cost savings programs to offset declines

Operational highlights

- ARM now reaches over 1.8m people each month*, the most in its history
- Audience growth driven by increase in digital, particularly in mobile
- 26% audience growth YoY, print audience steady YoY

H2 initiatives

- $10m of annualised cost saving initiatives to be implemented by the end of the year, including
  - Full closure of Toowoomba printing facility
  - Editorial system upgrade
- Distribution partnership with News Corp Australia



*Source: emma™ conducted by Ipsos MediaCT, People 14+ for the 12 months ending June 2015; Avg total monthly reach across daily TDAs

AUSTRALIAN REGIONAL MEDIA

Softer market conditions in Q2 affected revenues

Financial

- Local advertising revenues remain resilient, down 2% on prior year
- Strong Q1 buoyed by Government and Real Estate spend
- Softer market conditions in Q2
- Circulation revenue decline offset by cover price increases
- Digital revenues up 40% year on year on a like for like basis
- Niche title acquisitions delivering to plan

A$ million	2015	2014	% change
Revenue	94.5	99.0	(5%)
Costs	(86.3)	(88.5)	(2%)
EBITDA	8.2	10.5	(22%)

Revenue	2015	2014	% change
Advertising	67.6	71.7	(6%)
Circulation	16.1	16.7	(4%)
Other	10.8	10.6	2%
Total	94.5	99.0	(5%)

Like for like adjusts for the termination of the Domain agreement

Outdoor

Adshel & Hong Kong Outdoor

ADSHEL

Digitisation to drive revenue growth

Financial

- Revenue up 8% due to growth in Sydney Trains revenue and solid street furniture market performance
- Cost growth driven by increased site rental costs
- Market share in Australia down on prior year
- Investment in digitisation initiatives expected to deliver earnings benefits from 2016

A$ million	2015	2014	% change
Revenue	72.2	66.5	8%
Costs	(57.7)	(52.9)	(9%)
EBITDA	14.5	13.6	6%

Digitisation investments

- Expansion of Sydney Trains network to 200 screens
- Digitisation of 35 screens across Auckland with intention to expand digital network to Wellington and Christchurch
- Launching national digital street furniture network with 270 roadside screens in Australia on 1 October

ADSHEL

Continued focus on convergence, data and static OOH

Convergence

Convergence still relatively young in Australia but a lot of potential

- Adshel launched world's largest OOH network of beacons
- Launched Adshel Connect including mobile and tech product suite to bring OOH, location services and mobile together for advertisers

Data & Automation

Advertisers want more data and accountability from OOH

- Adshel is opening its entire Sydney Trains network to trading desks for programmatic trading from Q4 to allow real time ad buying
- Digital networks improve value, performance and precision targeting

Static OOH

Static street furniture continues to add value for advertisers

- #1 street furniture network in AU and NZ
- First OOH company to utilise Roy Morgan Helix Personas to allow clients to customise and target campaigns across Adshel's entire 16,500 bus shelter panel inventory

HONG KONG OUTDOOR

Refocus following loss of bus body contract

Financial

- H1 performance impacted by very weak market at the start of the year
- Conditions improved in Q2 but remained relatively soft
- June bookings impacted by loss of bus body contract
- Following loss of bus body contract, an onerous provision for Buzplay contract has been recognised as required by accounting standards
- Bus body contract contributed 50% of revenue and most of the EBITDA in 2014

New focus for the business

- Team reduced by 50% following transition out of Buspak bus body contract
- Actively re-building the business with new management team
- Program in place to re-engineer the business with stronger focus on business development, major billboard tenders and digital out of home
- Successfully tendered a number of billboard contracts, with active pipeline

HK$ million	2015	2014	% change
Revenue	150.3	171.1	(12%)
Costs	(150.2)	(159.9)	(6%)
EBITDA	0.1	11.2	(99%)

Star Ferry Carpark billboard

Group financials

DIVISIONAL PERFORMANCE

	Revenue			EBITDA		
A$ million	**2015**	**Local currency**	**As reported**	**2015**	**Local currency**	**As reported**
NZME Publishing	138.3	(0%)	2%	22.8	(2%)	0%
NZME Radio	57.2	(2%)	0%	10.2	(1%)	1%
NZME eCommerce	8.2	(11%)	(9%)	1.7	(11%)	(9%)
NZME Group	-	-	-	(4.0)	-	-
NZME Total	**203.7**	**(1%)**	**1%**	**30.7**	**(13%)**	**(11%)**
Australian Radio Network	104.6	29%	29%	36.6	26%	26%
Australian Regional Media	94.5	(5%)	(5%)	8.2	(22%)	(22%)
Outdoor	24.8	(12%)	3%	3.3	(32%)	(28%)
Unallocated	-	-	-	(7.5)	7%	7%
Total	**427.6**	**3%**	**5%**	**71.2**	**(1%)**	**1%**

RECONCILIATION OF SEGMENT RESULTS TO STATUTORY RESULTS

	Segment result		Exceptional items		Statutory result	
A$ million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue before finance income	427.6	405.9	-	-	427.6	405.9
Other income	4.7	4.5	0.4	5.3	5.1	9.8
Share of associate profits	4.5	3.7	-	-	4.5	3.7
Costs	(365.5)	(343.3)	(18.8)	(6.5)	(384.3)	(349.9)
EBITDA	71.2	70.7	(18.4)	(1.2)	52.9	69.5
Depreciation and amortisation	(18.4)	(16.5)	-	-	(18.4)	(16.5)
EBIT	52.8	54.3	(18.4)	(1.2)	34.5	53.0
Net interest	(16.6)	(19.3)	(3.3)	-	(20.0)	(19.3)
Tax	(8.6)	(6.0)	4.1	2.0	(4.6)	(4.0)
Profit / (loss) from continuing operations	27.6	29.0	(17.7)	0.8	9.9	29.8
Profit/(loss) from discontinued operations	-	(0.6)	-	(1.9)	-	(2.6)
Net profit / (loss) after tax	**27.6**	**28.4**	**(17.7)**	**(1.2)**	**9.9**	**27.2**
Profit / (loss) attributable to owners of the parent entity	25.1	23.8	(17.7)	(1.2)	7.5	22.6
Non-controlling interest	2.5	4.6	-	-	2.5	4.6
	27.6	**28.4**	**(17.7)**	**(1.2)**	**9.9**	**27.2**

EXCEPTIONAL ITEMS

A$ million	2015	2014
Finance costs	(3.3)	-
Profit on disposal of properties and businesses	0.4	6.3
Redundancies and associated costs	(1.4)	(4.9)
Onerous contract costs	(12.8)	-
Asset write downs and business closures	(2.6)	(1.6)
Acquisition costs	(1.4)	-
NZME integration costs	(0.7)	-
	(21.7)	**(0.2)**
Income tax credit	4.1	2.0
Net capital gains tax on APN Outdoor and brandsExclusive	-	(3.0)
Exceptional items, net of tax	**(17.7)**	**(1.2)**

CASH FLOW

A$ million	2015	2014
Operating cash flow (before exceptional items)	61.6	48.3
Net payments related to exceptional items	(7.1)	(3.5)
Net interest paid	(14.7)	(16.8)
Net tax paid	(1.4)	(9.5)
Capital expenditure	(13.2)	(7.8)
Cash received from associates	5.0	4.0
Payments to non-controlling interests	(2.8)	(3.1)
Other	2.3	1.8
	29.6	**13.3**
Payments relating to one off projects	-	(2.8)
Net cash flow before investing activities	**29.6**	**10.5**
Proceeds from sale of business and properties	0.8	6.0
Net payments / receipts for investments / divestments	(80.2)	(188.7)
Net proceeds from issue of shares	-	128.2
Net cash flow	**(49.8)**	**(44.0)**

NET DEBT

A$ million	June 2015	Dec 2014
Gross debt	533.2	496.8
Cash	(41.8)	(39.0)
Net debt	**491.4**	**457.8**

- Acquisition of Perth 96FM increased leverage to approximately 3.1 times early in the half
- June leverage (net debt / EBITDA) of 2.9 times (2.8x at December 2014)
- EBITDA / interest of 5.6 times (4.7x at December 2014)
- Continue to borrow in AUD and NZD to effectively hedge foreign exchange movements
- Debt facility extended to June 2019
- Gradually reinstating some fixed rate protection having been mostly floating for the past three years.

Summary

TRADING UPDATE

Following a positive Q1, the softer Q2 market conditions continued into July. On a like for like basis, July Group revenues were slightly below last year.

For all divisions trading conditions have improved in August.

H2 FOCUS

More to come

Integration & initiatives

- 96FM integration into the national KIIS brand
- NZME integration with Auckland co-location to commence in Q4
- $25m cost program to deliver benefits over 12-18 months

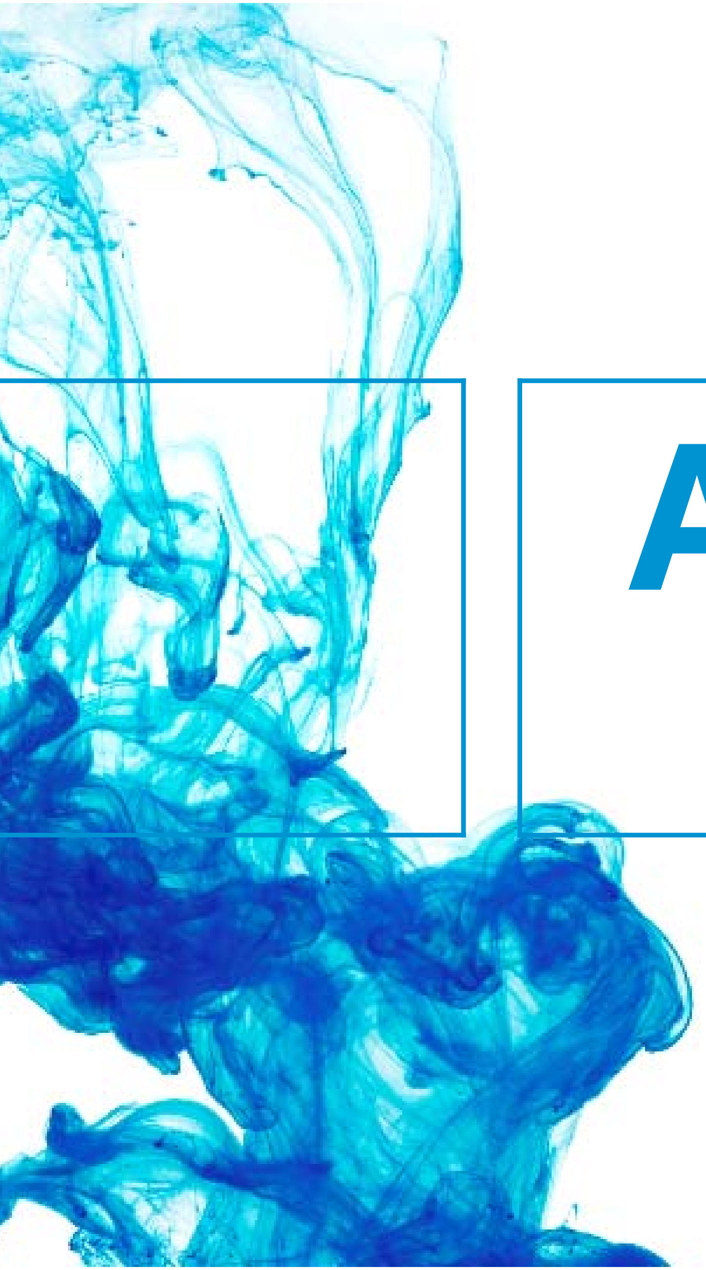
Evolution of publishing model and collaborative industry partnerships

- Launch of digital subscription model at ARM including launch of new ARM mobile and tablet apps
- Launch of digital registrations at *The New Zealand Herald*
- NZME distribution partnership with Fairfax Media
- Expansion of ARM distribution partnership with News Corp Australia

Diversification of revenue through digital

- Acceleration of iHeartRadio commercialisation strategies through Emotive
- Continued monetisation of ARN's growing digital audiences
- Launch of Adshel's network of digital screens in Australia
- Official launch of Adshel's sales automation offering across Sydney Trains digital network
- Launch of Adshel's beacons program in New Zealand

Questions



Appendix

EBITDA TO EBIT RECONCILIATION

	2015			2014		
AUD million	**EBITDA**	**D&A**	**EBIT**	**EBITDA**	**D&A**	**EBIT**
NZME Publishing	22.8	6.7	16.1	22.7	5.4	17.3
NZME Radio	10.2	3.7	6.5	10.1	3.2	6.9
NZME eCommerce	1.7	0.8	0.8	1.8	0.5	1.4
NZME Group	(4.0)	-	(4.0)	-	-	-
NZME Total	**30.7**	**11.3**	**19.4**	**34.6**	**9.0**	**25.7**
Australian Radio Network	36.6	2.3	34.3	29.0	1.7	27.3
Australian Regional Media	8.2	4.4	3.8	10.5	5.1	5.4
Outdoor	3.3	0.2	3.1	4.6	0.1	4.5
Unallocated	(7.5)	0.2	(7.7)	(8.0)	0.6	(8.6)
Total	**71.2**	**18.4**	**52.8**	**70.7**	**16.5**	**54.3**

CURRENCY AND TAX

	AUD / NZD		AUD / HKD	
	2015	2014	2015	2014
June half average	1.055	1.078	6.066	7.097
Full year average	-	1.087	-	6.998
Period end rate	1.139	1.048	5.974	6.334

Effective tax rate	2015	24%	2014	17%