
APN News & Media 2013 Full year results

19 February 2014

PRESENTATION OVERVIEW

- **2013 Full year results presentation**
- **Acquisition of Australian Radio Network and The Radio Network and entitlement offer presentation**
 - Overview of transaction
 - Funding and financial impact
 - Entitlement offer details
- **Questions**

FY2013 SUMMARY

Return to growth

- NPAT pre-exceptionals up 10% - best growth rate since 2007
- EBITDA from continuing operations pre-exceptionals up 8% - best growth rate since 2005

Divisional highlights

- Improved H2 publishing results
- Australian Radio Network (ARN) continues market share gains in growing market
- The Radio Network (TRN) claims back market share in strong NZ market
- Adshel consolidates on previous strong growth

Cash flow and cost savings targets surpassed

- Cash flow of \$63m compared to target of \$40-\$50m
 - Includes \$9m from small asset and property sales
- Publishing cost savings of more than \$40m exceed expectations of \$25-\$35m

Board stability

- Non-executive NZ based Director, Peter Cullinane, commenced in November 2013
- Smaller Board of 6 Directors reflects APN's range of stakeholders

FINANCIAL RESULTS FOR 2013

12 months to 31 December (AUD million)	2013	2012**
Revenue from continuing operations	817.2	823.0
EBITDA*	162.8	151.4
EBIT*	129.8	120.7
Net profit after tax*	59.3	49.6
Profit from discontinued operations	0.3	4.7
Net profit after tax before exceptional items	59.5	54.3
Exceptional items	(56.9)	(561.7)
Statutory net profit/(loss) after tax	2.6	(507.4)

* From continuing operations and before exceptional items

** 2012 exceptional items and statutory net loss restated for error in relation to impairment charge

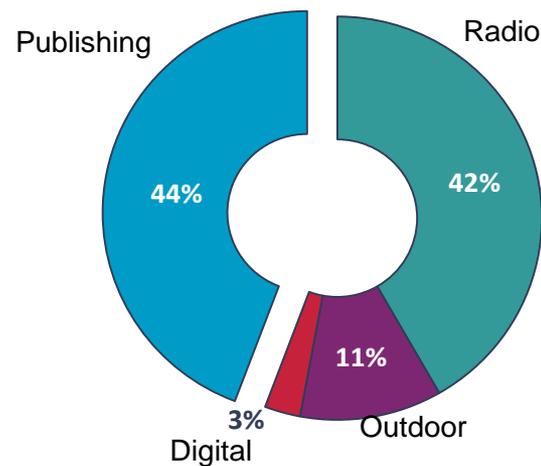
- No final dividend payment for 2013

POSITIONED FOR FURTHER GROWTH

APN re-set

- Acquisition of 100% of ARN and TRN
- Sale of remaining share in APN Outdoor
- Sale of brandsExclusive
- Acquisition of remaining share of iNC Digital Media
- Sale of South Island & Wellington newspapers
- Sale of New Zealand Magazines

Proportional EBITDA post radio acquisition



Based on FY2013 EBITDA
(from continuing operations, excl corporate costs)



Divisional results

AUSTRALIAN REGIONAL MEDIA

AUD million	Revenue		EBITDA	
ARM 2013 v 2012	\$217.0	(13%)	\$29.7	(23%)

Result

- Improved H2 revenues and cost saving projects delivered stronger H2 EBITDA result, down 2% YoY
- Total 2013 cost reductions >\$20m
- Above market performance in National revenue category and circulation

Operations

- New CEO and restructured management team
- Online audience across mobile and web doubled to circa 2 million unique browsers in web and 1 million in mobile
- New classified product suite; real estate, jobs, Finda and self-service
- Modular advertising implemented November 2013
- Print site rationalisation with closure of Ballina site

2014

- Continued focus on cash to deliver further cost savings
- Bundled print and digital sales strategy leveraging larger audience
- Challenging National Retail conditions expected to continue
- Partnering with other industry players

NEW ZEALAND MEDIA

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
NZM 2013 v 2012	\$282.6	(9%)	\$53.0	2%

Result

- EBITDA ahead of 2012 despite revenue challenges
- Continued focus on cost reductions >\$20m achieved
- Revenue decline moderating – 7% across H1 and H2 on a like for like basis (adjusted for sale of South Island & Wellington newspapers)

Operations

- New Zealand Herald 150th anniversary
- Outsourcing printing arrangements and ad production
- Digital ad revenue growth of 16% including strong uplifts in mobile and video revenues
- Sale of New Zealand Magazines

2014

- Launch nzherald.co.nz digital subscriptions (H2)
- New ad sales model partnering with TRN/Adshel
- Continued focus on further cost savings
- New ecommerce transactional verticals (travel, fashion, food) partnering with GrabOne

AUSTRALIAN RADIO NETWORK

AUD million	Revenue		EBITDA	
ARN 2013 v 2012	\$148.9	6%	\$58.0	14%

Result

- Australian radio market up 2%
- ARN revenue up 6% and market share up 0.9 percentage points

Operations

- Only network to record 3 consecutive years of 10+ ratings growth
 - WSFM: #1 in Sydney (Survey 2)
 - 97.3 FM: #1 in Brisbane
 - Mix 102.3: #1 in Adelaide
- Repositioning of ARN as an integrated entertainment business
 - 111% increase in digital page views
 - 59% increase in unique visitors
 - Doubling of Facebook audience
- Launch of iHeartRadio, digital music platform:
 - Over 148,000 registered users
 - 6.6m page impressions per month

2014

- Significant opportunities and continued ratings growth in key Sydney and Melbourne markets
- Further integration of iHeartRadio and digital assets into multi-platform sales offering

THE RADIO NETWORK

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
TRN 2013 v 2012	\$102.3	9%	\$20.0	22%

Result

- New Zealand radio market up 8%
- TRN revenue up 9%; market share up 0.6 percentage points
- Digital revenue growth of 81%

Operations

- New management team and major overhaul of business operations
- NewstalkZB #1 National Network; Coast #1 National Music Brand
- Positive youth audience trend (e.g. Flava 10+ audience 42% increase)
- Acquisition of leading talent: Rachel Smalley, Fletch & Vaughan, Jeremy Wells and Andrew Mulligan
- Launch of iHeartRadio:
 - 100,000+ registered users
 - 120,000+ downloads

2014

- Continue business turnaround and commercialisation of 2013 changes
- Continue to enhance stations and launch new shows
- Leverage partnerships to grow audiences and secure revenue growth
- Drive returns from iHeartRadio (e.g. events, data-led customer formats)
- Integration opportunities with NZM

ADSHEL

AUD million	Revenue		EBITDA	
Adshel 2013 v 2012	\$149.3	5%	\$40.2	14%

Result

- Media revenue up 8% compared to outdoor market up 7%
- EBITDA growth of 14%, following 29% growth in 2012
- New Zealand outdoor market up 13%
- Adshel NZ market share stable at 28%
- Strong cash flow and substantially increased distributions to APN

Operations

- Sydney Trains contract win
- Sale of Adshel Infrastructure and Town & Park
- Completion of insourcing program
- Launch of innovative new brand and product segmentation
- Cost savings delivered further NPAT/cash flow growth

2014

- Successful execution of Sydney Trains digital rollout
- Explore strategic opportunities to expand asset base
- Grow digital revenues through continued innovation

HONG KONG OUTDOOR

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
HK Outdoor 2013 v 2012	\$44.1	5%	\$1.8	(55%)

Result

- Billboard revenue down 15%, largely due to loss of key contract in 2012
- Bus exterior revenue up 11% in growing market
- EBITDA results impacted by full year of BuzPlay contract

Operations

- Launch of signature buses
- BuzPlay review

2014

- Renegotiating BuzPlay contract
- Early wins with 2 significant billboard contracts awarded in January 2014

GRABONE

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
GrabOne 2013 v 2012	\$18.2	13%	\$4.8	0%

Result

- Gross coupon sales exceeded NZ\$95m, up 3%
- Market share 80%

Operations

- GoBook launched and trading well with over 1,000 transactions monthly
- Success in key metrics
 - No. of merchants up 35%
 - Average transaction value up 7%
 - Average commission rate up 2.5%
- 22% increase in daily deal offerings
- 83% mobile growth YoY – now 20% of all transactions

2014

- Data analytics and personalisation focus (real time) e.g. “My Top Deals”
- Continue mobile experience enhancement
- New verticals (GoStyle in mid 2014)
- Partnering with NZM/TRN

INC DIGITAL MEDIA

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
INC Digital Media 2013 v 2012	\$4.1	(22%)	\$0.5	(66%)

Result

- Difficult trading conditions in traditional catalogue products
- Core revenue impacted by reduced spend by several key customers
- Market leadership in digital campaign distribution

Operations

- APN acquisition of remaining share (October 2013)
- Appointment of new CEO
- Business refocus to a wider range of targeted performance media services for multiple industries
- New products now >25% revenue and early new vertical wins

2014

- Business transition to continue
- New verticals (finance, travel, motor)
- Advertising and integration opportunities with other APN businesses

brandsExclusive DIVESTMENT

Key aspects

- Completed on 12 February 2014
- Sale of 82% interest (along with founders' remaining share)
- Sold to Aussie Commerce Group, one of Australia's largest e-commerce businesses
- Terms:
 - \$2m cash, subject to working capital and other completion adjustments
 - 8% of the equity in Aussie Commerce
- APN has the right to appoint a representative member on the Aussie Commerce Board

Aussie Commerce

- Management have strong track record in integrating and growing online businesses
- Operates seven established online shopping brands including:
 - The Home
 - Luxury Escapes
 - Cudo
- Has a total of more than 3 million members and over 125 employees
- Achieved sales of \$63m for 6 months ending 31 December 2013, up from \$18m over same period in 2012
- Named Australia's Fastest Growing Company in BRW's Fast 100

APN OUTDOOR DIVESTMENT

Key aspects

- Completed on 24 January 2014
- Sold to Quadrant Private Equity – JV partner in the business since May 2012
- Proceeds of \$69 million
- Funds have assisted acquisition of ARN and TRN

Simplified outdoor focus

- APN continues as an active trans-Tasman outdoor (particularly small format) investor via Adshel and retains exposure to the Asian market via Hong Kong Outdoor
- The transaction enables APN to focus on one sole out-of-home investment in Australia and New Zealand

ADSHEL: APN COMMITTED TO OUTDOOR

Street furniture and beyond

- Expansion into new outdoor categories
- Improved digital offering
- Data capabilities

Sydney Trains win

- Five year term
- The largest rollout of digital infrastructure in the Sydney outdoor market
- Significant year 1 investment with returns from year 2
- Extensive network of 187 digital assets across:
 - premium concourse precincts at key CBD railway stations (e.g. Wynyard, Central, Martin Place)
 - the breadth of the suburban rail network (e.g. Bondi Junction, Chatswood, Parramatta, Kings Cross)
- Mobile engagement opportunities across all premium sites

The closest
thing to
being there

FOX SPORTS has every game of
your Barclays Premier League team



FOXTEL

So close you
can hear it

PRESS TO GET
CLOSER TO
THE FANS

PRESS TO SMELL
THE GRASS

Financials

BUSINESS PERFORMANCE

AUD million (Δ% local currency)	Business revenue	YoY change	Business EBITDA	YoY change	Ownership	Accounting treatment	APN revenue	APN EBITDA
ARM	217.0	(13%)	29.7	(23%)	100%	Consolidated	217.0	29.7
NZM	282.6	(9%)	53.0	2%	100%	Consolidated	282.6	53.0
Publishing	499.6	(11%)	82.7	(9%)			499.6	82.7
ARN	148.9	6%	58.0	14%	50%	Consolidated	148.9	58.0
TRN	102.3	9%	20.0	22%	50%	Consolidated	102.3	20.0
Radio	251.2	7%	77.9	16%			251.2	77.9
Adshel	149.3	5%	40.2	14%	50%	Associate	-	10.6
Hong Kong Outdoor	44.1	5%	1.8	(55%)	50%	Consolidated	44.1	1.8
Outdoor	193.4	5%	42.0	7%			44.1	12.3
GrabOne	18.2	13%	4.8	0%	100%	Consolidated	18.2	4.8
iNC Digital Media	4.1	(22%)	0.5	(66%)	100%*	Consolidated	4.1	0.5
Digital	22.4	0%	5.3	166%			22.4	5.3

* The final 21% of iNC Digital Media was acquired on 11 October 2013

This table reconciles business performance with APN's reported results.

	817.2	178.2
Corporate	-	(15.4)
APN result	817.2	162.8

RECONCILIATION OF SEGMENT RESULTS TO STATUTORY RESULTS

AUD million	Segment result		Exceptional items		Statutory result	
	2013	2012	2013	2012*	2013	2012*
Revenue before finance income	817.2	823.0	-	-	817.2	823.0
Other income	6.6	2.4	9.0	3.9	15.6	6.3
Share of associate profits	10.6	9.0	-	-	10.6	9.0
Costs	(671.6)	(683.0)	(25.2)	(711.0)	(696.7)	(1,394.0)
EBITDA	162.8	151.4	(16.1)	(707.1)	146.7	(555.7)
Depreciation and amortisation	(33.0)	(30.7)	-	-	(33.0)	(30.7)
EBIT	129.8	120.7	(16.1)	(707.1)	113.7	(586.5)
Net interest	(37.9)	(43.5)	-	-	(37.9)	(43.5)
Tax	(6.0)	(3.7)	6.7	70.4	0.8	66.7
Profit from continuing operations	85.9	73.5	(9.4)	(636.7)	76.5	(563.3)
Profit/(loss) from discontinued operations	(0.7)	4.8	(48.1)	75.0	(48.8)	79.7
Net profit/(loss) after tax	85.2	78.2	(57.6)	(561.8)	27.7	(483.5)
Profit attributable to APN shareholders	59.5	54.3	(56.9)	(561.7)	2.6	(507.4)
Non-controlling interest	25.7	23.9	(0.6)	(0.1)	25.1	23.8
	85.2	78.2	(57.6)	(561.8)	27.7	(483.5)

* 2012 exceptional items and statutory result restated for error in impairment expense

SEGMENT RESULT INCLUDING DISCONTINUED OPERATIONS

AUD million	Segment result		Discontinued operations		Segment including discontinued operations	
	2013	2012	2013	2012	2013	2012
Revenue before finance income	817.2	823.0	62.4	105.6	879.7	928.6
Other income	6.6	2.4	(0.2)	-	6.4	2.4
Share of associate profits	10.6	9.0	(0.4)	0.0	10.2	9.1
Costs	(671.6)	(683.0)	(66.5)	(101.2)	(738.1)	(784.2)
EBITDA	162.8	151.4	(4.6)	4.5	158.2	155.9
Depreciation and amortisation	(33.0)	(30.7)	(0.8)	(2.8)	(33.8)	(33.5)
EBIT	129.8	120.7	(5.4)	1.8	123.4	122.4
Net interest	(37.9)	(43.5)	4.6	3.0	(33.2)	(40.5)
Tax	(6.0)	(3.7)	0.0	0.0	(6.0)	(3.7)
Net profit before exceptional items	85.9	73.5	(0.7)	4.8	85.2	78.2
Profit attributable to APN shareholders	59.3	49.6	0.3	4.7	59.5	54.3
Non controlling interest	26.7	23.8	(1.0)	0.1	25.7	23.9
	85.9	73.5	(0.7)	4.8	85.2	78.2

DISCONTINUED OPERATIONS

AUD million	brandsExclusive		APN Outdoor		Total	
	2013	2012	2013	2012	2013	2012
Revenue before finance income	62.4	34.2	-	71.4	62.4	105.6
Other income	(0.2)	-	-	-	(0.2)	-
Share of associate profits	-	-	(0.4)	0.0	(0.4)	0.0
Costs	(66.5)	(36.6)	-	(64.6)	(66.5)	(101.2)
EBITDA	(4.2)	(2.4)	(0.4)	6.9	(4.6)	4.5
Depreciation and amortisation	(0.8)	(0.2)	-	(2.5)	(0.8)	(2.8)
EBIT	(5.1)	(2.6)	(0.4)	4.4	(5.4)	1.8
Net interest	0.1	0.2	4.6	2.8	4.6	3.0
Tax	1.4	2.6	(1.4)	(2.5)	0.0	0.0
Net profit/(loss) before exceptional items	(3.6)	0.1	2.9	4.7	(0.7)	4.8
Exceptional items	(24.5)	-	(23.6)	75.0	(48.1)	75.0
Net profit/(loss) after tax	(28.1)	0.1	(20.7)	79.6	(48.8)	79.7

Notes:

- Exceptional items in 2013 primarily relate to write downs to fair value less costs to sell
- Exceptional items in 2012 primarily relate to gain on disposal of APN Outdoor

EXCEPTIONAL ITEMS

Continuing operations

AUD million	2013	2012
Loss on disposal of properties and businesses	(0.7)	1.5
Redundancies and associated costs	(10.7)	(8.4)
Asset write downs and business closures	(12.5)	(7.3)
Adjustment to provisions for earn out payments and put option liabilities	4.7	-
Impairment of intangible assets	-	(689.9)
Reversal of impairment of investment in associate	3.0	-
New Zealand Herald relaunch costs	-	(2.9)
	(16.1)	(707.1)
Income tax credit	6.7	70.4
Exceptional items, net of tax	(9.4)	(636.7)

Discontinued operations

AUD million	2013	2012
Gain on sale of APN Outdoor	-	74.2
Write down of APN Outdoor to fair value less costs to sell	(23.6)	-
Write down of brandsExclusive to fair value less costs to sell	(24.5)	-
	(48.1)	74.2
Income tax credit	0.0	0.7
Exceptional items, net of tax	(48.1)	75.0

CASH FLOW

AUD million	2013	2012
Operating cash flow (before exceptional items)	155.3	164.0
Net payments related to exceptional items	(15.3)	(18.7)
Net interest paid	(32.5)	(43.7)
Net tax paid	(19.2)	(14.5)
Capital expenditure	(16.7)	(23.2)
Payments related to investments	-	(35.2)
Net proceeds on formation of APN Outdoor joint venture	-	174.2
Assets sales	9.3	27.8
Cash received from associates	13.5	3.5
Other	(0.1)	2.0
Total cash inflow before financing	94.4	236.3
Dividends	-	(22.0)
Payments to non-controlling interests	(31.3)	(21.6)
Net cash generated	63.1	192.7

NET DEBT

AUD million	2013	2012
Gross debt	456.8	485.5
Cash	(20.0)	(20.3)
Net debt	436.9	465.2

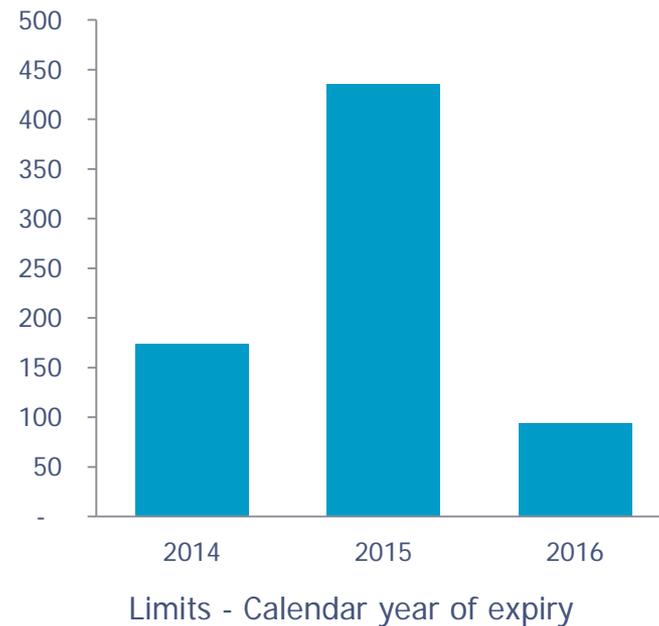
- Net debt to LTM EBITDA 2.7x
- No debt in any divisions
- Net debt per balance sheet of \$432.4m is reported net of capitalised borrowing costs

- Cash flows of \$63m were generated during the year to reduce debt levels. This included \$9m in relation to small asset and property sales.
- The debt figure disclosed in the balance sheet has been impacted by the strength of the NZ dollar at the end of the year. Refer to reconciliation below for details.

Net debt by country in AUD	AU	NZ	HK	Total
Opening net debt/(cash)	284.4	190.2	(9.3)	465.2
Cash flows	(27.8)	(37.5)	2.2	(63.1)
Foreign exchange movements	-	27.8	(1.6)	26.3
Other movements	4.2	4.2	-	8.5
Closing net debt/(cash)	260.8	184.8	(8.7)	436.9

CREDIT MATURITY PROFILE

- 2014 maturities include \$39m in relation to a lease of plant and equipment. This will be extended before its maturity in May
- The group has sufficient undrawn facilities to cover the remaining 2014 maturities and is preparing for the extension of the 2015 maturities



TRADING UPDATE

It has been a challenging start to the year, due partly to softer agency conditions. Publishing revenue declines have been consistent with H2 2013, while radio and outdoor revenues are in line with prior year. We are continuing to invest in our growth businesses, with the additional costs being offset by ongoing publishing cost savings. Overall, total costs are down year on year.

THE NEW HAURAKI BREAKFAST
MATT HI
JEREMY
LAURA
WEEKDAYS 6

Appendices

EBITDA TO EBIT RECONCILIATION

AUD million	2013			2012		
	EBITDA	D&A	EBIT	EBITDA	D&A	EBIT
Australian Regional Media	29.7	10.8	18.9	38.5	10.7	28.0
New Zealand Media	53.0	10.8	42.2	47.8	10.1	37.7
Australian Radio Network	58.0	3.5	54.5	50.8	2.9	47.9
The Radio Network	20.0	5.4	14.6	15.1	4.8	10.3
Outdoor	12.3	0.7	11.6	12.6	0.4	12.2
Digital	5.3	1.1	4.1	1.6	1.1	0.5
Corporate	(15.4)	0.7	(16.1)	(15.1)	0.6	15.8
Total	162.8	33.0	129.8	151.4	30.7	120.8

H1 PERFORMANCE

AUD million	Revenue			EBITDA		
	H1 2013	Local currency	As reported	H1 2013	Local currency	As reported
Australian Regional Media	107.8	(14%)	(14%)	12.7	(40%)	(40%)
New Zealand Media	136.7	(8%)	(3%)	23.0	1%	6%
Australian Radio Network	73.2	7%	7%	27.0	14%	14%
The Radio Network	47.3	8%	14%	8.7	27%	34%
Outdoor	19.5	5%	7%	4.6	(16%)	(16%)
Digital	10.1	2%	6%	2.2	n/a	n/a
Corporate	-	-	-	(8.1)	14%	13%
Total	394.6	(5%)	(2%)	70.1	1%	2%

H2 PERFORMANCE

AUD million	Revenue			EBITDA		
	H2 2013	Local currency	As reported	H2 2013	Local currency	As reported
Australian Regional Media	109.1	(12%)	(12%)	17.0	(2%)	(2%)
New Zealand Media	145.8	(11%)	(0%)	30.0	3%	15%
Australian Radio Network	75.7	5%	5%	30.9	15%	15%
The Radio Network	55.0	9%	22%	11.2	18%	31%
Outdoor	24.6	6%	18%	7.7	4%	8%
Digital	12.3	(2%)	6%	3.1	25%	43%
Corporate	-	-	-	(7.4)	(30%)	(24%)
Total	422.5	(4%)	1%	92.5	6%	12%

CURRENCY

	AUD / NZD		AUD / HKD	
	2013	2012	2013	2012
June half average	1.225	1.284	7.874	8.022
Full year average	1.179	1.278	7.504	8.038
Period end rate	1.084	1.259	6.916	8.139

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