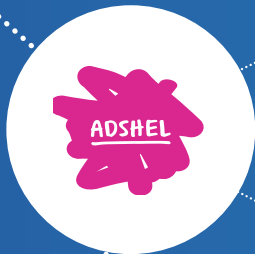




SHAREHOLDER REVIEW 2016



ENTERTAINMENT



BRANDS

CONTENT

DIGITAL



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The repositioning of APN continued in 2016 and we are now uniquely placed in the Australian media landscape



DATA



emotive

INTEGRATION

AUDIENCES



Moving from a holder to an operator of integrated media assets for audience and advertiser benefit

ABOUT APN**The business was redefined in 2016****Delivering on strategic objectives**

APN News & Media's (APN) strategy since early 2016 has been based on four key objectives:

- Grow our audience base;
- Diversify our revenues;
- Expand our digital and data capabilities; and
- Optimise integration.

In 2016, guided by our strategy, APN completed a number of milestone transactions that have redefined the business. In June, NZME was demerged, resulting in the creation of two independent and focused media companies: APN, a growth orientated media and entertainment company with assets in outdoor, radio and publishing; and NZME, a leading integrated media and entertainment business in New Zealand.

In October, APN acquired the remaining 50 per cent of Adshel and at the same time completed the acquisition of Conversant Media, a pure play digital media company. Conversant Media strengthens the digital capabilities of the Group and has increased exposure to the high growth areas of video and mobile.

In December, the sale of Australian Regional Media (ARM) was finalised, eliminating APN's exposure to traditional publishing and freeing up capital to focus on growth assets in outdoor and radio, which now account for 51 per cent and 49 per cent of revenues respectively.

The roll-out of the Adshel Live digital network continued, driving above market segment revenue growth, with digital revenues now accounting for over 30 per cent of Adshel's total revenues.

After a disappointing mid-year, ratings for Australian Radio Network (ARN) recovered late in the year. The business focused on improving its content offering across both broadcast and digital, with strong results in the final survey of 2016. ARN continues to generate noteworthy margins with strong cash conversion.

The new APN

APN will move from being a holder of media assets to a media organisation focused on operating and integrating across the growth sectors of radio, outdoor, digital and social, and leveraging the power of these complementary channels.

APN now holds a unique position in Australian media. We operate in sectors that experienced strong growth in 2016. APN's mass reach audiences are less susceptible to fragmentation. APN is well positioned to meet the changing content consumption of audiences and the integrated needs of advertisers.

While each business is strong individually, they offer a greater platform for growth when operating in a more collegiate and unified way. Integration where appropriate is being explored, with revenue growth the key consideration. New go-to-market strategies are being developed and a new, stronger vision for future growth is being built.

APN can now transform and set a new direction for the benefit of advertisers, employees and shareholders.

In 2017, APN will be changing its name and rebranding to reflect the new direction after last year's transformative changes.

Results highlights**5%** 

Year-on-year growth in segment revenue from continuing operations, and before exceptional items¹

8% 

Year-on-year growth in segment earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items¹

The business was redefined in 2016 and APN's strategy remains on track

APN has transformed and can set a new direction for the benefit of advertisers, employees and shareholders

**1.2
times**

Net debt to EBITDA is down from 2.7 times in 2015 to 1.2 times in 2016

**4c
per share**

Declaration of fully franked dividend of 4 cents per share, being the first dividend since 2012



Peter Cosgrove
Chairman

Execution of strategic plan

2016 was a milestone year for APN. Business transformation continued with the successful execution of our strategy to exit traditional publishing businesses and to increase our exposure to growth sectors within the media market

This involved significant activity including the demerger of our New Zealand operations (NZME), the sale of Australian Regional Media (ARM), the acquisition of the remaining 50 per cent of Adshel, and the acquisition of Conversant Media.

The Board had been considering strategic options for NZME for some time, and a demerger was considered to be in the best interests of shareholders.

In December, we completed the sale of ARM, our regional newspaper business in Australia, for \$36.6 million. APN's exit from traditional publishing had been an objective of the Company for some time. It eliminated the significant risks associated with ongoing ownership of publishing assets and freed up capital to focus on outdoor and radio, which now account for 51 per cent and 49 per cent of revenues respectively.

Complete ownership of Adshel was also a key part of our long-term plan. In October, we acquired the remaining 50 per cent. To fund the acquisition we undertook a

fully underwritten equity raising of \$273 million, with an Institutional Placement and an accelerated Renounceable Pro-rata Entitlement Offer which was well supported by shareholders. The outdoor market continues to see strong growth driven by digital innovation and Adshel is now well positioned to continue rolling out an extensive digital street furniture network across Australia and New Zealand.

We also acquired Conversant Media, a pure play digital media business. We believe Conversant Media's ability to build and monetise digital audiences will greatly benefit the Group.

Payment of dividend

We are confident about our ability to deliver sustained earnings.

Our balance sheet is in strong shape having reduced net debt over the past 12 months from \$456 million to \$143 million. This reduced our net debt to EBITDA leverage at December 2016 to 1.2 times, compared with 2.7 times at the end of 2015.

This has meant that for the first time since 2012, the Board took the decision to recommence the payment of dividends, declaring a fully franked full year dividend of 4.0 cents, and resuming the Dividend Reinvestment Plan for shareholders.

“

APN is in a unique position to meet the changing way audiences consume media and the integrated needs of our advertisers.”

2017 priorities

APN is effectively a new business that over the last three years has gone from having one third of revenues in growth assets to generating all its revenues across the high-growth sectors of outdoor, radio and digital.

The Board believes that with the complementary nature of assets now in the Group, APN is in a unique position to meet the changing way audiences consume media and the integrated needs of our advertisers.

While our businesses are strong individually, they offer a greater platform for growth operating in a more unified way. We have started exploring the integration of operations to the benefit of our audiences and advertisers.

Name change

We consider now an appropriate time to change the name of the Company to reflect the unique radio, outdoor and digital nature of the Group. We are currently working on a change of name for the business and we will provide further details on this new brand at the Annual General Meeting in May.

Board changes

In 2016, Mr Ted Harris retired from the Board after 24 years serving as a Non-executive Director. His contribution and support has been invaluable over the years and on behalf of the Board, I would like to sincerely thank Mr Harris for his commitment and service. We continue to benefit from his counsel as Emeritus Director.

Following the demerger, Sir John Anderson resigned from the Board. I would like to thank Sir John for his contribution to APN and wish him well in his new role as Chairman of NZME.

Thank you

On behalf of the Board, I would like to express my gratitude to APN employees and shareholders for their support and belief in our vision in what has been a transformative year.



Peter Cosgrove
Chairman

A new direction for APN

APN is continuing its repositioning in 2017 as we move from being a holder of media assets to a more integrated approach

Ciaran Davis
CEO and Managing Director



Overview

In 2016, APN successfully executed on its plan to completely exit traditional publishing, and increase exposure to the high growth out-of-home sector. Today, we have repositioned our portfolio of assets with full ownership of leading, high quality metropolitan media assets across radio and outdoor and a growing digital capability across the Group.

Despite the significant level of activity from a corporate perspective, I am pleased to report that the operational performance of the business was strong and highlights the strength of talent that exists across the Group.

Financial results

This year's statutory results were impacted by the transactional activity including the successful demerger of NZME in June, the acquisition of the remaining 50 per cent of Adshel for \$268.4 million, the acquisition of Conversant Media in October, and the sale of Australian Regional Media (ARM) for \$36.6 million, completed on 28 December 2016.

2016 statutory revenue from continuing operations was up 15 per cent to \$298.6 million, with statutory EBITDA from continuing operations up 14 per cent to \$90.9 million.

On a pro-forma basis, as if Adshel was owned for the whole of 2016, revenue from continuing operations rose five per cent to \$458.2 million, with pro-forma EBITDA from continuing operations up eight per cent to \$117.1 million.

REVENUE

\$458.2m
5% ↑

Revenue from continuing operations if Adshel was owned for the whole of 2016

Our businesses

Outdoor

There is continued strong earnings momentum across the Adshel business in both Australia and New Zealand, with above market growth in both territories. On a standalone basis, Adshel increased EBITDA by 21 per cent to \$46.2 million, with revenue up 17 per cent to \$205.8 million.

We have maintained our number one position in street furniture driven by a continued digital expansion and roll-out programme. Today, we have 366 digital roadside screens in Australia, and in New Zealand, we have created the first national digital roadside network with a total of 150 screens.

100 per cent APN ownership of Adshel provides the necessary platform for APN to support its strategic roadmap. It is our intention to continue investing in digital panels to drive revenues and market share with a further 207 screens to be deployed in 2017.

Our plan, subject to the outcome of tenders for contracts at Adshel, is to invest circa \$50 million in capital expenditure in 2017.

The Hong Kong Outdoor business was affected by challenging economic conditions that are impacting the overall advertising market, along with some poorly performing contracts. Our focus has been on rebuilding the business which is yielding encouraging results. In the second half of the year, we secured some strategic contract wins including the renewal of the Western Harbour Tunnel for another seven years and the Eastern Harbour Tunnel for two years, which are central thoroughfares for traffic in Hong Kong.

Radio and Digital

Radio continues to be a strong and robust sector within the Australian media market with the total number of people listening to commercial radio topping 10 million, the fifth year of consecutive growth for the industry.

ARN is well positioned from an audience and revenue perspective with revenues of \$225.3 million generating EBITDA of \$86.1 million – up four per cent year-on-year and yielding a very strong margin of 38 per cent.

Steadily improving ratings performance in the second half of the year resulted in a strong finish in Survey 8 of 2016 and meant that ARN held the number one FM station in Sydney, Brisbane and Adelaide and the number one and number two breakfast shows in Sydney.

ARN is more than just a broadcast business and its multi-platform content distribution strategy made strong progress in 2016. While driving digital and social audience engagement remains a priority, securing a greater share of digital revenues for the business is a focus in 2017.

The acquisition of Conversant Media was an important step to expanding the Group's digital capabilities and revenues. With a combined digital audience of over four million unique users and video views over 1.6 million per month, the bundling of Conversant Media with ARN will open opportunities within the millennial market.

New executive appointments

Changes to the Executive team were announced in March 2017. CEO of ARN, Tony Kendall, will take on a newly created role as Chief Revenue Officer. Tony's extensive experience in media, developing and implementing integrated solutions across numerous sectors, means he is ideally placed to strategically lead this new Business Development team within the Group.

Rob Atkinson, the CEO of Adshel, will replace Tony as the CEO of ARN. Rob has been CEO of Adshel for five years where he has transformed the business, culminating in a record year for both revenue and EBITDA. Rob's strong strategic thinking and his leadership are the perfect skillsets to develop and lead ARN's multi-platform offering to both audiences and advertisers.

Mike Tyquin will replace Rob Atkinson as CEO of Adshel, after serving as Chief Commercial Officer of Adshel since May 2014. Mike has over 20 years experience in the outdoor media sector and has been central to developing and delivering Adshel's successful digital,

“
Operational performance of the business was strong and highlights the strength of talent that exists across the Group.”

data and automation programme roll-out in the last 18 months, as well as overseeing strong growth in the New Zealand market.

APN has also appointed Emma Hogan to the position of Chief People Officer to lead the people and culture division across the Group, with responsibility for driving the overall strategic direction of the human resources function.

Looking ahead

APN is continuing its repositioning in 2017 as we move from being a holder of media assets to a more integrated approach.

ARN, Adshel, Emotive and Conversant Media will be working closer together as a group to leverage our unique “away from home” advertiser proposition and derive revenue and new opportunities across the board. Our strategy is built around growing our audience base, diversifying revenues, expanding our digital and data capabilities, and optimising integration across the Group.

Conclusion

I would also like to express my thanks to all employees across APN for their commitment, dedication and hard work. Without their support, we could not have achieved what we did in 2016 and I remain extremely encouraged by the level of skill and engagement I see in all our businesses.

I would also like to thank shareholders for their ongoing support during the year. I look forward to working with you to deliver on our vision.

Thank you.



Ciaran Davis
CEO and Managing Director

Operating and Financial Review

Financial performance	Segment result		Exceptional items ³		Statutory result	
	2016	2015	2016	2015	2016	2015
AUD million						
Revenue	298.6	259.0	-	-	298.6	259.0
Other income	7.2	7.0	223.5	4.0	230.7	11.0
Share of profits of associates	9.3	11.9	-	-	9.3	11.9
Costs	(224.1)	(198.0)	(5.9)	(15.8)	(230.0)	(213.8)
EBITDA¹	90.9	80.0	217.6	(11.8)	308.6	68.2
Depreciation and amortisation	(8.5)	(5.0)	-	-	(8.5)	(5.0)
EBIT	82.4	74.9	217.6	(11.8)	300.0	63.1
Net interest	(17.7)	(31.7)	(0.4)	(3.3)	(18.0)	(35.1)
Tax	(16.6)	(11.7)	(13.7)	(2.4)	(30.3)	(13.4)
Profit/(loss) from continuing operations	48.2	32.1	203.5	(17.5)	251.7	14.6
Profit/(loss) from discontinued operations ²	21.1	43.9	(272.2)	(62.9)	(251.1)	(19.0)
Net profit/(loss) after tax⁴	69.3	76.0	(68.7)	(80.4)	0.5	(4.4)
Profit/(loss) attributable to APN shareholders	62.7	70.2	(68.7)	(80.4)	(6.0)	(10.2)
Profit attributable to non-controlling interests	6.6	5.8	-	-	6.6	5.8
Net profit/(loss) after tax⁴	69.3	76.0	(68.7)	(80.4)	0.5	(4.4)

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items, represents the Group's total segment result.

(2) ARM and NZME were treated as discontinued operations in 2016 and 2015.

(3) Refer to note 1.3 to the consolidated financial statements for further details in relation to exceptional items.

(4) Totals may not add due to rounding.

This Operating and Financial Review should be read in conjunction with the Chairman's Report and the Chief Executive Officer's Report.



Performance overview

APN News & Media Limited (APN) segment revenue from continuing operations was up 15 per cent to \$298.6 million from \$259.0 million. Segment earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items was up 14 per cent from the corresponding period to \$90.9 million. The profit attributable to shareholders from continuing operations and before exceptional items was an improvement of 58 per cent to \$41.6 million, compared to \$26.4 million in 2015. The statutory loss attributable to shareholders for the year was \$6.0 million, a 41 per cent reduction on the loss of \$10.2 million in 2015.

If APN had owned 100 per cent of Adshel for the full year, revenue from continuing operations would have been up five per cent to \$458.2 million from \$435.5 million. EBITDA from continuing operations and before exceptional items would have been up eight per cent from the corresponding period to \$117.1 million.

In a transformative year for APN, solid results were achieved from the underlying businesses. Australian Radio Network revenues increased two per cent on the prior corresponding period to \$225.3 million, though this was slightly behind the market. Cost saving initiatives meant that costs were largely flat and EBITDA grew four per cent to \$86.1 million.

The remaining 50 per cent of Adshel was acquired on 25 October 2016; standalone revenues for the year grew 17 per cent to \$205.8 million, and standalone EBITDA increased 21 per cent on the prior corresponding period to \$46.2 million. Adshel performed ahead of market growth across Australia and New Zealand, as digitisation continued to support earnings growth. New Zealand results were strong due to a well-progressed digitisation programme and favourable contract tenures. Conversant Media was acquired on 31 October 2016 and further adds to APN's audience and reach across its portfolio of digital assets. Hong Kong Outdoor suffered from poor economic and advertising conditions, and the ongoing impact of Buzplay and contracts lost in the prior year, with revenues down 29 per cent.

Further restructuring initiatives were undertaken in Hong Kong Outdoor generating an additional 25 per cent reduction in total costs.

The table on page 8 reconciles the Group's segment result before exceptional items to the statutory result. The exceptional items include a mix of one-off gains and non-recurring costs arising during the year. The non-recurring costs include costs and restructuring items related to the demerger of NZME, the sale of ARM, the accounting gain on the acquisition of the remaining 50 per cent of Adshel and acquisition costs related to Adshel and Conversant Media. Further details are included in note 1.3 to the consolidated financial statements.

A review of each of the businesses is outlined in the following pages.

NET ASSETS

\$836.5m

as at 31 December 2016

Balance sheet and cash flow

The Group had net assets at 31 December 2016 of \$836.5 million, which is after \$142.7 million in net debt. Following the demerger of NZME, the Group reduced its debt facility limits to A\$360.0 million from A\$655.0 million; all other key terms of the facility remained unchanged. Net debt has reduced to 1.2 times EBITDA from 2.7 times EBITDA at 31 December 2015 on a credit metrics basis.

The balance sheet has been impacted by the acquisitions of the remaining 50 per cent of Adshel and Conversant Media, the demerger of NZME and sale of ARM. Refer to note 5.1 to the consolidated financial statements for further detail in relation to the balance sheet impact of the acquisitions of Adshel and Conversant Media and note 6.1 to the consolidated financial statements for further detail on NZME and ARM discontinued operations. The parent entity's interest in the net assets increased to \$800.6 million from \$426.3 million at 31 December 2015.

Cash inflows before the impact of acquisitions and disposals of \$19.5 million declined from \$78.2 million in 2015; impacted by the demerger of NZME on 29 June 2016, reduced operational cashflows from ARM revenue declines, and a settlement with the New Zealand Inland Revenue Department in August 2016. Excluding the impact of these one-off items, cashflows from continuing operations remained strong and broadly in-line with 2015.



In a transformative year for APN, solid results were achieved from the underlying businesses

Australian Radio Network

On-air, ARN has Australia's leading talent, with the ability to deliver market share and ratings growth

Australian radio industry continues to grow

Radio remains an incredibly strong sector in the Australian media industry. Overall advertising revenues and listenership continue to grow with total commercial radio listeners reaching 10 million in 2016. Across the sector, there is an increased focus on multi-platform content delivery and commercialisation which is keeping listeners engaged and providing new monetisation opportunities.

The industry continues to work collaboratively under the Commercial Radio Australia (CRA) body on several important regulatory and licensing issues.

In May 2016, a dispute between the Phonographic Performance Company of Australia (PPCA) and CRA over digital streaming fees was finalised; providing the industry with increased certainty to invest in digital streaming and pursue online growth opportunities.

In October 2016, an industry-wide streaming service, RadioApp, was launched providing an all-inclusive destination for streaming any Australian commercial radio station online or via mobile.

More than just an FM broadcast business

Australian Radio Network (ARN) is now a multi-platform content and broadcast business. Targeted investments are seeing an increase in audience numbers and driving new revenue opportunities which are already starting to yield positive results.

On-air, ARN has Australia's leading talent, with the ability to deliver market share and ratings growth in 2017.

Kyle &
Jackie O

iHeartRadio, the music streaming and digital entertainment brand, experienced strong growth in 2016 with app downloads now exceeding one million, a 94 per cent increase in mobile listening hours, over 70 new stations launched, and podcasting up 400 per cent, all of which are driving extended audience engagement.

iHeartRadio hosted a number of successful live sessions throughout the year and in 2017 will continue to actively look for new growth opportunities that enhance this events area of the ARN business.

Emotive, in its second year of operation, is now profitable and is securing incremental revenue for APN across all its assets.

ARN's digital and social presence increased throughout 2016 and we expect further investment in our digital sales capability to drive growth in 2017 if revenue generating opportunities present.

The acquisition of Conversant Media has strengthened the Group's overall digital presence, with a combined audience of over four million unique users across ARN and Conversant Media. Video views are also up to over 1.6 million per month across Conversant Media and ARN.

Challenging second half

Revenues of \$225.3 million generated EBITDA of \$86.1 million, up four per cent year on year and with a very strong margin of 38 per cent. ARN's growth in 2016 was slightly behind the market, driven by some revenue challenges in the second half specifically relating to poor ratings results in surveys 3 and 4 and underperformance in both the Melbourne and Perth markets.

Management implemented a successful cost reduction program to the extent that overall costs for the year were only up \$0.9 million to \$139.1 million which included the licence fee reduction of \$1.4 million. This increase related to the unavoidable cost of an extra month of 96FM in 2016 compared with 2015. All other costs for the year were flat.

In addition to a rigorous focus on costs, specific actions were taken in both Melbourne and Perth markets, including the recruitment of a new commercial director in Melbourne, and a decision to relaunch a new format for 96FM in 2017.

A relentless focus on ratings improvement saw strong recovery of audience numbers towards the end of 2016.



ARN delivered strong results and was resilient in maintaining its position within the market. Going forward, ARN remains well placed to deliver positive results across its multi-platform business

SEGMENT EBITDA

\$86m
4%↑

AUD million	2016	% Change
Revenue	225.3	2%
Costs	(139.1)	1%
Segment EBITDA	86.1	4%

A strong survey 8 result provides a solid platform for 2017

In Sydney, KIIS 1065 was the number one FM station and ARN held the number one and number two breakfast shows with Kyle & Jackie O and Jonesy & Amanda performing exceptionally well.

In Melbourne, Gold 104.3 continued to be a strong and consistent performer and in 2016, was the number one FM station for four of the eight survey periods. ARN remains focused on driving greater audience growth from KIIS101.1 in 2017, with the appointment of a new Commercial Director who will be responsible for revenue generation across both stations.

In Brisbane, 97.3 again ended the year as the number one FM station with the number one breakfast show.

96FM in Perth has been repositioned with the expectation of increasing ratings and delivering a stronger national audience.

In Adelaide, Mix102.3 was the number one FM station and was the number one FM breakfast show.

ARN going forward

Ratings success remains a key priority for delivering revenue growth in the business.

Further monetisation of our digital audiences will continue to be a focus in 2017. The combined reach of ARN and Conversant Media's digital assets in response to advertiser briefs is starting to see positive results.

We have recently launched a new search and social media product offering for our clients, expanding our digital capabilities, particularly in the direct market, which has been well received and has provided good early revenue growth.

The ability to leverage the skills within Conversant Media to drive digital audience growth and revenue is having a positive impact across ARN. Sharing of content has commenced and is already yielding greater engagement and cross promotional opportunities, particularly regarding the sharing of video content.



Jonesy &
Amanda

Adshel

Adshel's extensive network delivers high frequency campaigns, reaching 92 per cent of Australians

Business overview

In October 2016 APN acquired the remaining 50 per cent of Adshel, a leading outdoor and digital-out-of-home provider, offering advertising solutions that are innovative, creative, flexible and delivered at scale.

The business has a broadcast reach of over 23,500 static and digital advertising faces in street furniture, rail and petro-convenience across Australia and New Zealand.

Investment in digital continues to drive revenues and market share in Australia and New Zealand

Adshel's extensive network delivers high frequency campaigns, reaching 92 per cent of Australians.

Static, digital, data, innovation and experiential are all key drivers of performance in the street furniture market and Adshel is the number one outdoor operator in this segment. Adshel's targeting capabilities afford it greater flexibility and precision and increasingly, geo-targeted and location-based marketing solutions.

Adshel commenced its digital roll-out with the launch of Adshel Live in 2015. Adshel is already seeing the clear benefits in this conversion to digital with continued investments in digitisation, data, technology and Adtech integrations all key drivers of future growth.

Successful results in a strong market

In 2016, total revenue grew 17 per cent to \$205.8 million due to a strong market and continued improvement in market share.

EBITDA grew to \$46.2 million with digital revenues contributing to slight margin improvement. Earnings performance in New Zealand was very strong on the back of a well progressed digitisation network.

Digital investment metrics across both markets were maintained with capital investments yielding less than a two year pay-back, and premium advertising rates holding.

Cost growth was 16 per cent to \$159.6 million with much of this increase coming from digital revenue related and sales capability activities.

AUD million	2016	% Change
Revenue	205.8	17%
Costs	(159.6)	16%
EBITDA	46.2	21%

EBITDA

\$46m
21% ↑

Outperforming the market in digital

Adshel's investment in digital continues to drive revenues and market share in Australia and New Zealand.

Outdoor Media Association data showed full year revenue growth of just over 19 per cent for Adshel, ahead of the total market which was up 16 per cent in Australia. In New Zealand, Adshel revenues increased more than 32 per cent against the market, which was up 29 per cent.

Adshel continued to improve its market share in Australia, gaining 3.3 percentage points in the Roadside-Other segment.

Digital expansion continued at an impressive pace in the second half of 2016, adding 115 new screens in New Zealand and thereby creating the first national digital roadside network across the country. A further 70 screens are planned to be added in the first half of 2017. In Australia, 113 new digital screens were added in the second half of 2016, and another 137 are planned to roll out in the second half of 2017.

Digital revenues now account for over 30 per cent of overall revenue.



It was a milestone year for Adshel, succeeding in a strong market and expanding digital capabilities. It remains focused on actively pursuing opportunities for growth

Adshel – looking ahead

Full ownership of Adshel provides APN with the necessary platform to support Adshel’s strategic roadmap.

The pursuit of new contracts, the renewal of existing contracts and ongoing digital expansion will provide Adshel with opportunities to further expand its audience base and reach, and diversify revenues.

Indicative capital expenditure of \$50 million in 2017 is dependent on the outcomes of new and current contract tenders and other strategic initiatives.

Advancements in data, technology and insights will allow for enhanced audience and geo-targeting capabilities, supporting Adshel in moving towards selling advertising based on valuable audience profiles, rather than purely on reach and frequency.

Adshel will continue to invest in its automated sales platform, enabling media buyers to purchase Adshel with the same efficiency and calculation they have been achieving with online advertising.

Adshel special build for University of Melbourne campaign



Adshel & SBS ethnic audiences targeting initiative

Hong Kong Outdoor

APN's Hong Kong business is rebuilding with positive signs of progress



Strategic contract wins have set a solid foundation for 2017 and APN remains focused on rebuilding the business

Gold Peak KEF campaign with whole domination at Eastern Harbour Tunnel

Business overview

Revenue was down 29 per cent to \$27.1 million as challenging economic conditions continued to impact the overall advertising market and the loss of 2015 contracts continued to impact results.

The challenging Buzplay contract continued to have a detrimental impact on earnings in the period, however expires in June 2017.

In the second half of 2016, strategic contract wins were encouraging, including the renewal of the Western Harbour Tunnel for a further seven years and the Eastern Harbour Tunnel for two years, with an option to extend, both of which are central thoroughfares for traffic in Hong Kong. The contract for Hong Kong tram shelters was also secured for five years starting in May 2017, and the business continues to carefully bid on selective opportunities.

The restructured and resized business has reduced costs by 25 per cent under an extensive cost cutting program.

Hong Kong Outdoor remains focused on rebuilding the Cody business and returning the operations to profitability in 2017.

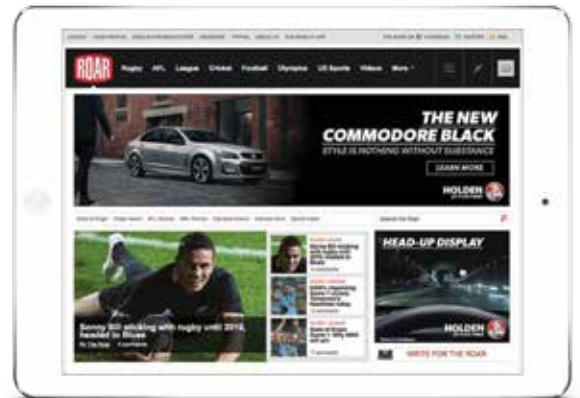
Hong Kong Outdoor

AUD million	2016	% Change
Revenue	27.1	(29%)
Costs	(28.4)	(25%)
Segment EBITDA	(1.3)	> (100%)



Conversant Media

Conversant Media adds a younger and more male-focused demographic to radio audiences



Business overview

Conversant Media is a pure play digital business focused on video, mobile, native and innovative ad formats and content creation. Conversant Media's portfolio of sites includes Australia's leading sports opinion website, The Roar, the renowned global culture website, Lost At E Minor, and the technology and lifestyle website, Techly. Conversant Media also has exclusive advertising partnerships with a number of sites including Inc.com, Bored Panda, and IFL Science.

Conversant Media is bringing its expertise to leverage the various digital opportunities identified across the APN Group



Strategic acquisition delivering results

The addition of Conversant Media into the Group in October has benefitted the radio business with a combined audience of over four million unique users and video views up to over 1.6 million per month. Conversant Media adds a younger and more male-focused demographic to radio audiences and significantly up-weights the businesses' overall ranking in the digital landscape.

There is a significant opportunity to monetise our digital audiences, with resources being employed to grow revenues, while the bundling of ARN and Conversant Media assets in response to briefs is showing some encouraging signs.

The Roar
Mobile

Corporate Social Responsibility

APN believes in the importance of contributing to and building a connection with communities, supporting them through contra-advertising, sponsorships and community initiatives

As a leading media and entertainment company, APN has an opportunity and responsibility to give a voice to the community, and the Company is proud to help advance causes that benefit its audiences.

Commitment to supporting community initiatives

APN is committed to using the power and reach of its significant asset base to provide support for cause-driven organisations, helping to build awareness of their activities as they seek to grow and garner increased support and funding from the community.

In 2016 APN's radio network, ARN, delivered \$2.9 million worth of community service announcements for a variety of initiatives and charities in Australia. The Australian Red Cross, Starlight Children's Foundation, Fight Cancer Foundation, Movember Australia, Sydney Children's Hospital Foundation, Camp Quality, The Alannah & Madeline Foundation, Foodbank Sydney, and the Royal Life Saving Society Australia were among those that benefited from charitable campaigns across ARN's platforms.

ARN also formalised its relationship with UnLtd, which brings members of the Australian media, marketing and advertising industry together to tackle youth disadvantage, committing to support the UnLtd-aligned charities batyr and Musicians Making a Difference (MMAD) in 2017.

Adshel contributed to the community by donating over \$1.4 million worth of media inventory across Australia and New Zealand, supporting more than 25 registered charities in 2016. These included Alzheimer's Australia,

Movember Australia, Earth Hour Australia, Ronald McDonald House New Zealand, The Royal Society for the Prevention of Cruelty to Animals New Zealand Incorporated and Surf Life Saving New Zealand (SLSNZ).

As part of its ongoing relationship with SLSNZ, Adshel brought their important safety message to life by building a bespoke campaign activation outside Britomart station, one of Auckland's busiest, inner-city areas. The activation promoted the cause to thousands of commuters, encouraging them to make a donation to help keep volunteer lifeguards on patrol. Adshel also ran a second, multilingual campaign for SLSNZ at the end of the year, specifically designed to reach diverse communities over the Christmas period (refer to next page).

ARN COMMUNITY SERVICE ANNOUNCEMENTS WORTH

\$2.9m

● Adshel team
building
initiatives



Beyond contra-advertising and charitable donations, in 2016 Adshel launched its purpose to “create the smartest connections for communities”, and one of the first initiatives was engaging a local school in Wellington to encourage a sense of ownership of the nearby bus shelter location. This project saw a member of the New Zealand team out on the road, connecting with the students and getting them involved to decorate the seat slats in the shelter. As well as connecting directly with younger community members, in the process Adshel was able to address the issue of vandalism that had been a problem in the past.

In Hong Kong, APN's outdoor business, Cody, continued to work with non-government organisations (NGOs) and charities, supporting initiatives through its network of over 300 large format billboards and multimedia installations across 1,200 buses. This included providing special advertising rates, creative production and in-bus media airtime for organisations including Fair Trade Hong Kong Foundation Ltd, World Wide Fund For Nature Hong Kong (WWF HK), Hong Kong Network for The Promotion of Inclusive Society Ltd, and The Boys' & Girls' Clubs Association of Hong Kong.

During 2016, Conversant Media ran seven not-for-profit campaigns across its premium websites, The Roar, Lost At E Minor and Techly, with all campaigns including publisher support. Organisations that benefited included The McGrath Foundation, Surf Life Saving Australia, Bowel Cancer Australia, and Movember Australia, with paid campaigns also running for the Victorian Responsible Gambling Foundation, the Australian Government Department of Health national tobacco campaign, and the NSW Government's 'Pretty Shady' skin cancer awareness campaign.



Sydney Children's Hospital Foundation Gold Telethon

In 2016, ARN and Adshel both continued to support the Sydney Children's Hospital Foundation. WSFM 101.7 breakfast radio hosts, Jonesy & Amanda, once again led the annual Gold Telethon campaign, with a heavy on-air presence and digital and social media support to drive donations from the Gold Day launch to the Telethon event. Jonesy raised an additional \$10,000 for the Telethon by allowing Amanda to cut his hair in a live on-air segment, raising awareness of the more than 45,000 children and families that rely on the hospital each year. This campaign was further amplified across ARN, with support from KIIS 1065 and The Edge 96.ONE, while Adshel provided significant media space to promote the initiative in Sydney.



Surf Life Saving New Zealand

In New Zealand, Adshel worked with charity partner Surf Life Saving New Zealand (SLSNZ) to create a multilingual outdoor campaign in Auckland, using Adshel's enhanced targeting capabilities to reach specific community groups over the summer with its important safety messaging, 'swim between the flags'.

Adshel was able to utilise its newly launched ethnicity targeting tool, using NZ Census data enhanced with Roy Morgan's Single Source data, giving SLSNZ the ability to precisely pinpoint where diverse communities live and work. Relevant, in-language messaging, including Chinese, Samoan and Maori, was then delivered across sites that indexed high against specific communities, for a more effective and impactful campaign, to promote the cause in a way that would better engage multicultural audiences.





People

Across APN, each business strives to promote work environments that are not only rewarding and motivating, but also encouraging, safe and inclusive. APN understands that engaged employees, who feel comfortable at work, will improve individual business performance, and the Group as a whole.

ARN has a strong and positive employment culture which is driven from its Employee Value Proposition that was developed in consultation with its people and is ingrained in everything they do. In 2016, ARN launched a paid parental leave initiative which has had a steady uptake. It also initiated an online digital performance management system, 'EmpowerME', capturing team members' performance throughout the year and helping to highlight achievements, development needs and succession opportunities.

Adshel has several engagement initiatives in place to encourage a positive team culture. Each year the executive team sets out on a roadshow across its Australian and New Zealand offices to share business updates and to promote the Adshel culture, bringing together the field-based operatives and office-based employees as one team. A monthly lunch and information session is also hosted for employees, to bring the teams together in their locations, encouraging them to connect and share business updates and achievements, while also providing all employees with training opportunities. Other initiatives in place at Adshel include leadership programs, peer-nominated reward and recognition programs, and offering all permanent Adshel employees a Wellbeing Day – an extra day of leave to improve their wellness.

APN understands that creating a culture of engaged employees improves both individual performance and that of the group as a whole

APN is supportive of giving employees opportunities to participate in community initiatives. At Adshel, all permanent employees have \$250 per annum to donate to a charity of their choice. Employees also have the option to pool their donations and direct the pooled funds to a chosen charity. An initiative that continued into 2016 saw Adshel employees provided with one day off to volunteer for a charity of their choice. The initiative allows permanent employees to undertake charitable work in their local communities, either individually or by teaming up with other Adshel colleagues.

ARN employees teaming up for charity



Adshel's use of de-ionised water for shelter cleaning

**ADSHEL
MEDIA INVENTORY
SUPPORTING MORE
THAN 25 REGISTERED
CHARITIES WORTH**

\$1.4m



Environmental initiatives

As a media organisation, APN understands that it has a responsibility to demonstrate and advocate environmental stewardship, complying with all relevant legislation in relation to the operation of its businesses and seeking to implement best practice environmental initiatives across its businesses.

Adshel's environmental management system is measured and is certified against ISO 14001:2015 for environmental management systems. Initiatives undertaken as part of the national sustainability and efficiency project continue to deliver environmental benefits. The use of de-ionised water for shelter cleaning, together with switching from high to low-pressure cleaning systems, has significantly reduced water consumption, minimised water runoff and reduced reliance on chemical detergents. These changes, implemented in 2016, covered 50 per cent of Adshel's sites in New Zealand and 100 per cent of its sites in Australia.

In 2016, Adshel continued to explore new ways to improve its energy consumption, and to reuse or recycle all by-products. With more than 350,000 posters managed annually, Adshel supports and promotes the recycling of all poster materials at the completion of each campaign. The lightweight polysynthetic materials are returned to recycling depots for reuse in the production of other poly products, such as pots and drain grates. Adshel has made an ongoing investment in the upgrade of its outdoor lighting solutions through the use of LED, reducing the energy requirements by 80 per cent compared to the traditional backlighting designs. To date, Adshel has modified over 3,000 displays to the new lighting system, and the new LED solution will form the basis of all static displays in future asset development plans.

More than 28 per cent of Adshel's assets are fully operational solar-powered sites. Adshel has pioneered the use of solar energy in the out-of-home street furniture sector for more than 10 years, reducing its impact on the environment. In New Zealand, Adshel is also converting sites to run using solar energy, with 15 now fully solar-powered.

In New Zealand, Adshel is trialing the use of a Nano coating on roof glass on shelters in Auckland which is expected to eliminate the use of strong detergent on these surfaces, while ensuring the high-quality presentation of Adshel's premium assets.

APN's businesses also promote greater public awareness around environmental issues, through the various charitable campaigns that run across its inventory each year. In 2016, both Adshel and APN's Hong Kong outdoor company, Cody, supported WWF's annual Earth Hour campaign, to raise awareness of climate change and encourage energy saving. For another consecutive year, Cody again showed support for the global event by switching off the lights across several of its billboard sites.

Senior Management Team



Ciaran Davis

CEO & Managing Director, APN News & Media

Ciaran Davis is the CEO and Managing Director of APN News & Media. He was promoted to the position in August 2015 from his role as CEO of Australian Radio Network (ARN). Ciaran spent five years at ARN repositioning the business to become the number one metropolitan radio operator in Australia. Responsible for the recruitment of leading talent to the network and strategic investments such as 96FM, Emotive and iHeartRadio, Ciaran established a new management team and drove a culture of ambition and success throughout the business. Ciaran joined ARN as CEO in January 2010 from Communicorp Group Ltd in Ireland, where he spent 10 years working in executive leadership roles with the group's radio and media interests in Europe and the Middle East. His positions included Commercial Director (2007 to 2010), Chief Executive Officer for 98FM, Dublin (2003 to 2007) and Marketing Director for 98FM (2000 to 2003). Ciaran is also the Chairman of social video content marketing agency Emotive and a Director of Commercial Radio Australia, The Australian Ireland Fund, and Soprano Design. Ciaran was appointed as an Executive Director (Managing Director) of APN News & Media on 24 August 2016.



Jeff Howard

Chief Financial Officer, APN News & Media

Jeff Howard joined APN News & Media in 2010 and was appointed Chief Financial Officer (CFO) in December 2012. Jeff spent more than nine years with ABN AMRO and RBS in corporate lending and broader relationship banking roles that included a focus on the telecommunications and media sectors. Prior to this, Jeff was with KPMG where he spent nearly 10 years in audit and project roles, including a secondment to KPMG's Philadelphia practice. Jeff completed his Executive MBA with the Australian Graduate School of Management in 2005 and is a Chartered Accountant. Jeff is a Director of Soprano Design, and was previously a Director of Aussie Commerce.



Yvette Lamont

Group General Counsel and Company Secretary, APN News & Media

Yvette Lamont has been Group General Counsel and Company Secretary of APN News & Media since 1998. She was previously General Counsel of pay television company Australis Media Limited (Galaxy), a Senior Associate with law firm Allens (in the Media and Technology Group) and a solicitor with boutique law firm Boyd, House & Partners specialising in media law. Yvette is a member of the Media and Communications Committee of the Law Council of Australia, has completed the Company Meetings and Company Secretarial Practice courses with the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors. She was admitted as a solicitor to the Supreme Court of New South Wales in 1987 and the High Court of Australia in 1988.



Emma Hogan

Chief People Officer, APN News & Media

Emma Hogan joined APN News & Media as Chief People Officer (CPO) in February 2017 from Foxtel, where she spent nine years as Executive Director - People, Culture and Communications (2007 to 2015) and Executive Director - Customer Experience (2014 to 2016). In these roles, Emma was responsible for creating and driving strategy, people and performance for over 3,000 onshore, and 2,000 off-shore employees, change and transformation and operational implementation. Prior to joining Foxtel, Emma held several senior HR leadership positions with iconic Australian brands including Qantas and Woolworths. Emma holds post graduate qualifications in HR and Business Management, and graduated from Stanford University's Executive Program in 2013. Emma is also a Non-executive Director on the boards of The Cantoo Foundation and Australian Indigenous Mentoring Experience (AIME) and in 2015, created her own for-purpose foundation, Rainbow Jane.



Tony Kendall

Chief Revenue Officer, APN News & Media (from 3 April 2017); Chief Executive Officer, Australian Radio Network (ARN) (until 3 April 2017)

Tony Kendall was appointed Chief Revenue Officer of APN News & Media and this was announced in March 2017. Tony commenced his previous role as Chief Executive Officer (CEO) of the Australian Radio Network (ARN) in December 2015. Tony joined ARN from Bauer Media where he spent almost three years as Director of Sales. He joined Bauer in early 2013 from News Corp Australia where he spent over 23 years in senior commercial management roles across Melbourne, Sydney and New York, including a year as the CEO of the Australian magazine division. Tony is also a Director of the Melbourne Fashion Festival (since 2010).



Rob Atkinson

Chief Executive Officer, ARN (from 3 April 2017); Chief Executive Officer, Adshel (until 3 April 2017)

Rob Atkinson was appointed Chief Executive Officer (CEO) of ARN and this was announced in March 2017. Rob joined Adshel in his previous role as CEO in November 2011, having previously held the position of Chief Operating Officer of Clear Channel UK. Rob originally joined Clear Channel as Sales Director in 2005, before being promoted to Group Sales Director and then Managing Director in the same year (2008). Prior to joining Clear Channel, Rob held various senior sales roles at Associated Newspapers in both London and Dublin and won the prestigious Campaign Magazine UK Sales Leader of the Year in 2009. As Chief Executive Officer at Adshel, Rob pioneered the launch of the world's first national digital street furniture network, as well as the biggest national deployment of beacons in the world. In the past four years, he has been shortlisted twice, for both Australian CEO of the Year, and Media Executive of the Year, by the prestigious CEO Magazine.



Mike Tyquin

Chief Executive Officer, Adshel (from 3 April 2017)

Mike Tyquin joined Adshel in May 2014 as Chief Commercial Officer and commences as Chief Executive Officer on 3 April 2017. Over more than 20 years, Mike has held a range of senior executive positions in the out-of-home advertising industry including over nine years at Network Ten's out-of-home business EYE Corp (EYE). During his time at EYE, Mike led the operations in South East Asia before spending five years as CEO of Australia and New Zealand. While at EYE, Mike was a director of industry bodies OMA (Outdoor Media Association) and MOVE (Measurement of Outdoor Visibility and Exposure).



Simon Joyce

Chief Executive Officer, Emotive

Simon Joyce is the Chief Executive Officer (CEO) and founder of social video content marketing agency Emotive, which launched in the Australian market in February 2015. Simon has extensive experience in social, digital video, branded content, mobile, marketing, commercial and business leadership gained over 17 years in media and marketing. Prior to launching Emotive, his most recent position was CEO of MCM Entertainment where he successfully launched the world's biggest YouTube channel, Vevo in Australia. Simon has been recognised by the media and advertising industry on numerous occasions including being named in the AdNews Top 40 under 40, The Australian Music Directory Power 50, Media Week Top 25 People in Media and in 2016, he was nominated for Mumbrella Industry Leader of the Year.



Zac Zavos

Chief Executive Officer, Conversant Media

Zac Zavos co-founded Conversant Media in 2007, a digital media company that produces engaging premium sites that include Australia's leading sports opinion website, The Roar, the renowned global culture website, Lost At E Minor, and the newly launched tech and lifestyle website, Techly. Prior to this, Zac spent nine years in digital consulting with several firms including IBM (1998 to 2001), Deloitte (2002 and 2003) and ThoughtWorks (2005 to 2007). In 2009 and 2010, Zac was named one of Sydney's 100 Creative Catalysts by Vivid Sydney. Zac has a Bachelor of Arts (Psychology & Sociology) and Master of Commerce (Information Systems & Management), from The University of New South Wales.

Board of Directors



Peter Cosgrove

Chairman

Peter Cosgrove was appointed to the APN Board in December 2003. He is the founder of the Buspak group of companies in Australia, New Zealand and Hong Kong and has more than 20 years' experience in the broadcasting, publishing and outdoor advertising industries. Peter is Non-executive Chairman of Buspak Hong Kong (since 2003), and Non-executive Deputy Chairman of Clear Media Limited (Director since 2001), which is listed on the Stock Exchange of Hong Kong. Peter is also a Director and shareholder of MediaCap Pty Limited. He was previously Chairman of GlobeCast Australia Pty Limited (2002 to 2015), a broadcasting company based in Sydney.

Responsibilities: Non-executive Director, Chairman of the Board of Directors (since 2013) and Chair of Nomination and Governance Committees.



Ciaran Davis

CEO and Managing Director

Refer to biography on page 20.



Christine Holman

Non-executive Director

MBA, GAICD

Christine Holman was appointed to the APN Board in November 2015 and brings a strong understanding of digital media and technology with over 20 years' experience across the technology, private equity and digital sectors in a variety of functions including finance, commercial, technology and marketing. Christine was formerly the Commercial Director at Telstra Broadcast Services and was a member of their Executive and Remuneration Committees. Prior to her role at Telstra Broadcast Services, Christine was the Chief Financial Officer and Commercial Director of broadcasting company GlobeCast Australia Pty Limited, a joint venture between Orange SA (previously France Telecom) and Australian shareholders, before being acquired by Telstra in June 2015.

Christine spent seven years at Capital Investment Group assisting management and the boards of investee companies on strategy, business development and mergers and acquisitions. She has an MBA from Macquarie University and a Post Graduate Diploma in Management from Macquarie University and is a Graduate of the Australian Institute of Company Directors.

Christine has been a Non-executive Director of CSR Limited since October 2016, The Bradman Foundation since December 2016 and State Library of NSW Foundation since February 2017. Christine is a member of the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee at CSR.

Responsibilities: Non-executive Director and Member of Audit & Risk and Nomination and Governance (from 11 May 2016) Committees.



Paul Connolly

Non-executive Director

BComm, FCA

Paul Connolly was appointed to the APN Board in October 2012. Paul has 25 years' experience advising on mergers and acquisitions, takeovers, disposals, fundraisings and initial public offerings. Since 1991, Paul has been Chairman of Connolly Capital Limited, a Dublin-based corporate finance advisory firm focused on the telecom, media and technology sectors. He was a Director of Esat Telecommunications Limited (Esat Telecom), an Irish telecommunications company, from 1997 to 2000, and then a Director of Digicel Limited, a Caribbean-based telecommunications company. In addition, he was a Director of Melita plc from 2007 to 2016. From 1987 to 1991, Paul held the position of Financial Controller of Hibernia Meats Limited and prior to that, he worked with KPMG as an accountant. Mr Connolly holds a Bachelor of Commerce degree from University College Dublin, Ireland, is a Fellow of Chartered Accountants Ireland and a member of Executive Summit at Stanford Graduate School of Business. Currently, Paul serves on the Boards of Communicorp Group and Independent News & Media PLC and is Chairman of Tetrach Capital Limited, the private Irish media group Business & Finance and UNICEF Ireland. In October 2010, he was invited to become an external Senior Advisor to Credit Suisse.

Responsibilities: Non-executive Director and Member of Audit & Risk (from 30 June 2016), Remuneration and Nomination and Governance Committees.



Peter Cullinane

Non-executive Director

MBA, MMgt

Peter Cullinane was appointed to the APN Board in November 2013. As the former Chief Operating Officer of Saatchi & Saatchi Worldwide (1998 to 2002) as well as the company's Chief Executive, New Zealand and Chairman, Australasia for over eight years prior, he is a respected force in global advertising and marketing who brings extensive industry knowledge, as well as expertise in Australasian and global markets, to the Board. Based in Auckland, Peter is currently the founder and Chairman of Lewis Road Creamery Limited, a fast growing, high profile, dairy-based packaged goods business. He is a Director of NZME Limited, a retired Director of WPP AUNZ Limited (2010 to 2016) and a retired Director of SKYCITY Entertainment Group (2008 to 2015), where he was Chairman of the Corporate and Social Responsibility Committee and a member of the Governance and Nominations Committee.

Responsibilities: Non-executive Director and Chair of Remuneration Committee.



Anne Templeman-Jones

Non-executive Director

BComm (UWA), ACA, EMBA (UNSW), Masters in Risk Management (UNSW)

Anne Templeman-Jones was appointed to the APN Board in June 2013 and brings extensive executive and Non-executive Director expertise in strategy, banking, finance, risk management and governance. Anne currently serves as the Independent Chair of the Wealth and Advice Subsidiary Boards of the Commonwealth Bank of Australia (CBA) and as a Non-executive Director of GUD Holdings Limited and Cuscal Limited. Between 1995 and 2016, Anne served as a Non-executive Director of Pioneer Credit Limited, Notre Dame University, HBF Health Limited, HBF General Insurance Limited, The McCusker Foundation for Alzheimer's Research and the Travel Compensation Fund. During these tenures, Anne held various committee roles chairing Audit & Risk and Remuneration and Governance. Her executive career up until 2013, included a number of senior executive positions at Westpac, including Director of Corporate and Institutional Banking, Director Group Risk Reward, Head of Strategy and Governance for Westpac's Pacific Banking and Head of Private Bank (NSW). She previously held senior executive positions in Switzerland, Belgium, Perth and Sydney with AIESEC International, PricewaterhouseCoopers, the Bank of Singapore (OCBC Bank), the Bank of New Zealand and Australia and New Zealand Banking Group (ANZ). Anne is a Fellow of the Australian Institute of Company Directors and a member of Chartered Accountants Australia and New Zealand.

Responsibilities: Non-executive Director, Chair of Audit & Risk Committee and Member of Remuneration Committee.

Five Year Financial History

The below reflects the operations of the Group and should be read in conjunction with the 2016 financial statements, together with the accompanying notes.

Certain comparative financial information for 2016 has been restated for the share consolidation and the bonus element included in the 2016 equity raisings.

The Balance Sheet at 31 December 2016 does not include the assets and liabilities of the entities divested as part of the demerger of NZME and the entities disposed as part of the ARM sale. It does include the assets and liabilities acquired as part of the purchase of the remaining 50 per cent of Adshel and the acquisition of Conversant Media. Equity for 2016 was impacted by the demerger of NZME and equity raisings.

Several financial measures are used by the Group to monitor financial performance against the overall strategy, including profit after taxation attributable to members for the parent entity and underlying EBITDA.

	2016 \$'m	2015 \$'m	2014 \$'m	2013 \$'m	2012 \$'m
Income statement					
Total revenue ⁴	658	850	843	817	857
EBITDA ¹	131	166	164	163	156
Depreciation and amortisation	24	35	33	33	34
EBIT ²	108	131	131	130	122
Net interest expense	18	32	36	33	41
Adjusted net profit ³	63	70	75	60	54
Statutory net profit/(loss)	(6)	(10)	11	3	(507)
Balance sheet					
Equity excluding non-controlling interests	801	426	434	359	350
Total assets	1,145	1,134	1,129	1,255	1,294
Total borrowings	163	477	497	457	486
Net debt	143	456	458	437	465
Statistical analysis					
EBITDA/total revenue ⁴	20.0%	19.6%	19.3%	18.5%	16.8%
Net debt/EBITDA (times)	1.2 ⁸	2.7	2.8	2.7	3.0
Interest cover based on EBITDA (times)	9.8 ⁸	5.2	4.5	4.9	3.8
Basic earnings per share (cents) ⁵	31.4	44.4	49.5	50.2	46.8
Dividend per share (cents)	4.0	-	-	-	1.5
Dividend payout ratio ⁶	13%	0%	0%	0%	21%
No. of shares on issue ('000)	307,494	1,029,041	1,029,041	661,527	661,527
No. of shareholders ⁷	6,640	6,818	7,166	8,270	9,546
Market capitalisation (\$'m)	873	545	859	298	165
Market price per share at 31 December	\$2.84	\$0.53	\$0.83	\$0.45	\$0.25

(1) Earnings before interest, tax, depreciation and amortisation, and exceptional items.

(2) Earnings before interest and tax, and exceptional items.

(3) Net profit attributable to owners of the parent entity after tax, before exceptional items.

(4) Total revenue includes discontinued operations.

(5) Earnings per share are before exceptional items. Comparative EPS has been restated for the share consolidation and the bonus element included in the 2016 equity raisings.

(6) Before exceptional items.

(7) As at 31 December.

(8) Credit metric calculated using pro-forma financial information.

Corporate Directory

APN NEWS & MEDIA LIMITED **ABN 95 008 637 643**

DIRECTORS

Peter Cosgrove (Chairman)
Paul Connolly
Peter Cullinane
Christine Holman
Anne Templeman-Jones
Ciaran Davis
(CEO & Managing Director)

COMPANY SECRETARY

Yvette Lamont

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Banking Group
Bank of China
Commonwealth Bank of Australia
Credit Suisse
Deutsche Bank
HSBC
J.P. Morgan Chase Bank
National Australia Bank
State Bank of India
Sumitomo Mitsui Banking
Corporation
Westpac Banking Corporation

Notice is given that the
Annual General Meeting of
APN News & Media Limited
will be held at

Establishment Ballroom
252 George Street,
Sydney NSW 2000
on Thursday, 4 May 2017
at 10.00am



www.apn.com.au