
2014 Interim Results

20 August 2014

H1 2014 SUMMARY

Solid result in soft market

- Statutory net profit after tax up 77%
- Revenue from continuing operations up 3% (down 4% on a constant currency basis)
- EBITDA from continuing operations pre-exceptionals up 1% (down 6% on a constant currency basis)
- Strong Q2 following investments in radio and outdoor

H1 highlights

- ARN #1 national FM radio network, strong Q2 revenue growth; TRN revenue up 6%
- Publishing revenue declines continuing to moderate, particularly local retail, real estate
- Hong Kong revenues up 12%; Buzplay contract renegotiated
- On track to deliver full year publishing cost savings of \$20m
- New facility of \$630m with a syndicate of domestic and international banks

Investing for growth

- Acquisition of remaining 50% of ARN and TRN, partly funded by entitlement offer
- iHeartRadio: 480,000+ registered users; 650,000+ app downloads
- Adshel phase one deployment of Sydney Trains digital panels
- Acquisition of remaining 50% of Hong Kong Outdoor

FINANCIAL RESULTS

6 months to 30 June (AUD million)	H1 2014	H1 2013
Revenue from continuing operations	405.9	394.6
EBITDA*	70.7	70.1
EBIT*	54.3	54.1
Net profit after tax*	24.3	18.9
Profit/(loss) from discontinued operations	(0.5)	(2.8)
Net profit after tax before exceptional items	23.8	16.1
Exceptional items	(1.2)	(3.4)
Statutory net profit after tax	22.6	12.8

* From continuing operations and before exceptional items

- No interim dividend for H1



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New Zealand

APN NEW ZEALAND

Collaborative approach

- Jane Hastings appointed as CEO of APN New Zealand
- New integrated group management structure, with key internal and external appointments
- Establishment of APN 'Collaborative Media Solutions' (CMS), driving new revenue
- Cross-channel collaboration and sharing of resources (e.g. TRN talent contributing to NZM publications, GrabOne/The New Zealand Herald hero deals)

H2 Further initiatives

- Growth of 'Brand Insight' initiative to meet increasing demand for branded content solutions across channels
- Launch of integrated eCommerce product shopviva.co.nz
- Development of other cross-platform verticals



NEW ZEALAND MEDIA

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
H1 2014 v H1 2013	\$135.6	(13%)	\$22.7	(13%)

Result

- Revenue down 6% on a like for like basis*
- National advertising challenging in a subdued market, down 19%*
- Local retail advertising trends improving, down 3%* year on year
- Strong performance from features and newspaper inserted magazines
- Circulation revenue declines moderating, down 2%* on prior year
- Growth of The NZH's total audience to 1.9m people each month

Operations

- Completion of NZ Magazines sale to Bauer
- Printing agreement with Fairfax – commenced in August
- CMS delivering new revenue opportunities
- Cost savings of \$5m in H1

H2 2014

- Trading conditions unchanged in H2 to date, with National advertising remaining particularly weak
- Launch of 'True Commercial' digital real estate offering
- Launch of new digital trading platform

THE RADIO NETWORK

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
H1 2014 v H1 2013	\$56.9	6%	\$10.1	2%

Result

- NZ radio market up 6%, TRN maintained share
- Strong direct revenue growth, up 9%
- Agency market relatively weak, up 1%
- Investment in new talent/content limited EBITDA growth

Operations

- Significant talent, content and marketing investment in two key stations, ZM and The Hits
- NewstalkZB #1 national network; Coast #1 national music brand
- Total digital audience up 71%; ZM #1 radio brand online
- iHeartRadio: 210,000+ registered users & 250,000+ app downloads
 - Exclusive live events to drive sponsorship revenue, downloads and registrations

H2 2014

- Market up 9% in July, TRN gained share
- Launch of integrated content station Mix 98.2 in Auckland
- Extension of video and integrated content offerings
- iHeartRadio in-store opportunities, niche products and live events

GRABONE

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
H1 2014 v H1 2013	\$9.0	(3%)	\$1.8	(16%)

Result

- Revenue impacted by declining email open rates and faster transition from desktop to mobile & tablet devices, consistent with global trends
- Increased domestic eCommerce competition
- Average commission rates and order values continue to increase

Operations

- Change in focus from email push to content pull strategy
- Introduction of category pages to become 'marketplace of deals'
- Changes to site navigation, email formats and mobile functionality to improve customer experience
- Increased mobile footprint via app downloads; up 53%
- Launch of 'Free Coupons' giving consumers the ability to purchase products at a discount from both NZ and international retailers

H2 2014

- Roll-out of GrabOne 2.0 platform to improve customer experience
- Launch of Facevalue, enabling customers to still use purchase value of vouchers post-expiry
- Evergreen deals and new merchant directory



WS FM 101.7
PURE GOLD

Australia

AUSTRALIAN RADIO NETWORK

AUD million	Revenue		EBITDA	
H1 2014 v H1 2013	\$81.2	8%	\$29.0	6%

Result

- Australian radio market up less than 1%
- ARN revenue up 8%; market share up over 2 percentage points
- Q2 particularly strong following ratings gains
- Significant investments in talent, content and marketing

Operations

- The #1 FM network in Australia. Most recent ratings (survey #4):
 - #1FM & #2 FM station in Sydney
 - Equal #1 FM station in Melbourne
 - #1 stations overall in Brisbane & Adelaide
- Launch of KIIS 1065 in Sydney & rebrand of Classic Hits Pure Gold network in Sydney and Melbourne
- iHeartRadio: 270,000 registered users; 400,000+ app downloads
 - Exclusive live events to drive sponsorship revenue, downloads and registrations

H2 2014

- Sydney & Melbourne key opportunities to grow market share
- Improved ratings and agency offering to drive revenue growth
- Investments in integration, digital and content marketing capabilities

AUSTRALIAN REGIONAL MEDIA

AUD million	Revenue		EBITDA	
H1 2014 v H1 2013	\$99.0	(8%)	\$10.5	(17%)

Result

- Tough overall agency market conditions
- Agency revenues down 20% in a market down 18%; now represents 14% of total revenues
- Resilient local performance, assisted by strong real estate pillar
- Digital revenue growth of 34%
- Cost savings of more than \$6m

Operations

- Aggregate weekly audience up 8% to 1.4 million people
- Bundled print, digital and social packages leveraging audience
- Programmatic trading launched; generating new revenues
- Focus on local communities, refreshed titles
- Consolidation of classifieds under 'Finda' brand
- Transition from Domain to realestate.com.au from October 2014

H2 2014

- H1 trends continue into H2
- Extend programmatic trading to mobile and video inventory
- Continued focus on local revenues
- Offering of digital marketing services to SMEs



Outdoor

Created by
Samsung

ADSHEL

AUD million	Revenue		EBITDA	
H1 2014 v H1 2013	\$66.5	(5%)	\$13.5	(19%)

Result

- Revenue up 1% on a like for like basis*
- Australian outdoor market up 5%, with street furniture (Roadside other) segment up 1%
- Disappointing performance in NSW, other markets performed well
- EBITDA impacted by Sydney Trains; rental payments commenced several months prior to roll-out of phase one of digital inventory

Operations

- Phase 2 of Sydney Trains digital assets deployment underway
- Key management appointments: Mike Tyquin, Chief Commercial Officer and David Roddick, Chief Revenue Officer
- Programmatic partnership delivering revenue

H2 2014

- Bookings over last 10-12 weeks improving
- Development projects in Marrickville, Ashfield, Canada Bay
- Launch trials of new out-of-home technologies
- Next stage of programmatic sales program

HONG KONG OUTDOOR

AUD million ($\Delta\%$ local currency)	Revenue		EBITDA	
H1 2014 v H1 2013	\$24.1	12%	\$1.6	86%

Result

- Strong revenue growth across all formats; billboards and Buzplay particularly strong
- Billboard growth assisted by contract wins in late 2013/early 2014

Operations

- Buzplay contract renegotiated with lower annual rental
- Expansion of non-exclusive billboards and the development of new formats (e.g. super-size billboard facing the Cross Harbour Tunnel)

H2 2014

- Acquisition of 100% ownership from Clear Channel in July 2014
- Market has softened since June, but pacing ahead of prior year
- Launch 30 more Signature Buses, taking total fleet to 60



print



online



mobile



social



...one local to another

Financials

BUSINESS PERFORMANCE

AUD million (Δ% local currency)	Business revenue	YoY change	Business EBITDA	YoY change	Ownership	Accounting treatment	APN revenue	APN EBITDA
New Zealand Media	135.6	(13%)	22.7	(13%)	100%	Consolidated	135.6	22.7
The Radio Network	56.9	6%	10.1	2%	100%	Consolidated	56.9	10.1
Grabone	9.0	(3%)	1.8	(16%)	100%	Consolidated	9.0	1.8
APN New Zealand	201.6	(8%)	34.6	(9%)			201.6	34.6
Australian Radio Network ¹	81.2	8%	29.0	6%	100%	Consolidated	81.2	29.0
Australian Regional Media	99.0	(8%)	10.5	(17%)	100%	Consolidated	99.0	10.5
Adshel	66.5	(5%)	13.5	(19%)	50%	Associate	-	3.0
Hong Kong Outdoor ²	24.1	12%	1.6	86%	50%	Consolidated	24.1	1.6
Soprano ³	9.1	26%	3.1	2%	25%	Associate	-	0.6
							405.9	79.4
						Corporate	-	(8.6)
						APN result	405.9	70.7

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

1 – iNC Digital Media is now included as part of Australian Radio Network

2 – Hong Kong Outdoor was 50% owned during H1. Moved to 100% on 18 July 2014

3 – Investment in Soprano was previously impaired, we were not able to recognise share of profits

RECONCILIATION OF SEGMENT RESULTS TO STATUTORY RESULTS

AUD million	Segment result		Exceptional items		Statutory result	
	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
Revenue before finance income	405.9	394.6	-	-	405.9	394.6
Other income	4.5	1.8	5.3	5.5	9.8	7.3
Share of associate profits	3.7	3.8	-	-	3.7	3.8
Costs	(343.3)	(330.1)	(6.5)	(16.3)	(349.9)	(346.3)
EBITDA	70.7	70.1	(1.2)	(10.8)	69.5	59.4
Depreciation and amortisation	(16.5)	(16.1)	-	-	(16.5)	(16.1)
EBIT	54.3	54.1	(1.2)	(10.8)	53.0	43.3
Net interest	(19.3)	(18.4)	-	-	(19.3)	(18.4)
Tax	(6.0)	(4.5)	2.0	3.6	(4.0)	(0.9)
Profit from continuing operations	29.0	31.1	0.8	(7.2)	29.8	24.0
Profit/(loss) from discontinued operations	(0.6)	(3.2)	(1.9)	3.8	(2.6)	0.6
Net profit/(loss) after tax	28.4	28.0	(1.2)	(3.4)	27.2	24.6
Profit attributable to APN shareholders	23.8	16.2	(1.2)	(3.4)	22.6	12.8
Non-controlling interest	4.6	11.8	-	-	4.6	11.8
	28.4	28.0	(1.2)	(3.4)	27.2	24.6

EXCEPTIONAL ITEMS

AUD million	H1 2014	H1 2013
Gain on disposal of properties and businesses	6.3	1.1
Redundancies and associated costs	(4.9)	(8.2)
Asset write downs and business closures	(1.6)	(9.1)
Adjustment to provisions for earn out payments and put option liabilities	-	29.5
Impairment of intangible assets	-	(20.5)
	(0.2)	(7.0)
Income tax credit	2.0	3.6
Net capital gains tax on APN Outdoor and brandsExclusive	(3.0)	-
Exceptional items, net of tax	(1.2)	(3.4)

CASH FLOW

AUD million	H1 2014	H1 2013
Operating cash flow (before exceptional items)	48.3	65.4
Net payments related to exceptional items	(6.4)	(10.3)
Net interest paid	(16.8)	(15.4)
Net tax paid	(9.5)	(10.8)
Capital expenditure	(7.8)	(6.4)
Asset sales	6.0	2.9
Proceeds/(payments) related to investments	0.9	(4.4)
Cash received from associates	4.0	8.0
Net proceeds from sale of APN Outdoor	59.8	-
Payments for non-controlling interests	(249.4)	-
Other	1.8	1.1
Total cash flow before financing	(169.1)	30.1
Net proceeds from issue of equity	128.2	-
Payments to non-controlling interests	(3.1)	(12.9)
Foreign currency impact	(1.7)	(11.4)
Net debt reduction/(increase)	(45.7)	5.8

NET DEBT

AUD million	June 2014	Dec 2013
Gross debt	507.6	456.8
Cash	(25.0)	(20.0)
Net debt	482.6	436.9

- Net debt to LTM EBITDA less than 3x
- No debt in any divisions
- Net debt per balance sheet of \$479.6m is reported net of capitalised borrowing costs

- Increase in net debt impacted by \$62m drawn to fund acquisition of 50% of ARN and TRN
- Successfully refinanced debt facilities due to mature in 2015 and 2016 with a syndicate of domestic and international banks
- New facility of \$630m; costs lower than previous arrangements
- Covenants:
 - Net debt / EBITDA \leq 3.75x
 - EBITDA / Interest \geq 3.0x
- APN's next significant debt maturity does not arise until January 2018

TRADING UPDATE

Advertising markets remain short and volatile, and agency revenues have been soft early in the second half. Publishing revenue trends are largely consistent with H1, while radio and outdoor are tracking in line with the run rates seen towards the end of the first half. Group EBITDA is slightly ahead of where we were for the same period in H2 2013.

Questions

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GrabOne



Appendices

EBITDA TO EBIT RECONCILIATION

AUD million	H1 2014			H1 2013		
	EBITDA	D&A	EBIT	EBITDA	D&A	EBIT
Australian Regional Media	10.5	5.1	5.4	12.7	5.6	7.1
New Zealand Media	22.7	5.4	17.3	23.0	5.4	17.6
Australian Radio Network	29.0	1.7	27.3	27.3	1.5	25.9
The Radio Network	10.1	3.2	6.9	8.7	2.6	6.2
Outdoor	4.6	0.1	4.5	4.6	0.3	4.3
Digital	2.5	0.5	2.0	1.9	0.4	1.4
Corporate	(8.6)	0.6	(9.3)	(8.1)	0.3	(8.4)
Total	70.7	16.5	54.3	70.1	16.1	54.1

CURRENCY AND TAX

	AUD / NZD		AUD / HKD	
	2014	2013	2014	2013
June half average	1.078	1.225	7.097	7.874
Full year average	-	1.179	-	7.504
Period end rate	1.077	1.084	7.310	6.916
Effective tax rate	2014	17%	2013	14%

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