

**TWIST BEFORE
YOU SNAP**



**NEVER LOSE
YOUR COOL**



APN



Interim Results

17 August 2012

Brett Chenoweth, Chief Executive Officer
Peter Myers, Chief Financial Officer

Key features

- NPAT (pre-exceptionals) of \$19m in line with guidance, before impairment
- Publishing remains challenging
 - re-launch The New Zealand Herald on 10 September 2012
 - earnings accretive initiatives well progressed
- Radio, digital and outdoor performing well
- Active strategic agenda, including APNO JV formation and brandsExclusive acquisition
- Significant net debt reduction of \$168m
- Strategic review of APN New Zealand ongoing

Financial result

AUD million	H1 2012	H1 2011
Revenue	477.1	508.1
EBITDA*	74.9	85.0
EBIT*	57.5	66.5
Net profit after tax pre-exceptionals	19.1	21.8
Exceptional items (including impairment)	(338.5)	(120.1)
Statutory net loss after tax	(319.4)	(98.3)

* before exceptional items based on segment reporting

- Comparison with H1 2011 is impacted by the formation of the APNO outdoor joint venture with Quadrant. The detail is provided in the financial section
- Impairment of \$485m relating to New Zealand publishing
- Dividend per share: 1.5 cents, of which 0.5 cents is franked, payable 26 September 2012

APN operates a diverse portfolio of media assets

This table shows the actual results of each business for the half, and APN's effective proportionate share based on our ownership percentage

AUD million (Δ% local currency)	Revenue	YoY growth	EBITDA	YoY growth	Ownership	Proportionate EBITDA
Australian Regional Media	125.2	(7%)	21.2	(9%)	100%	21.2
New Zealand Media	141.0	(6%)	21.7	(23%)	100%	21.7
APN Publishing Group	266.2	(7%)	42.9	(17%)		42.9
Australian Radio Network	68.1	8%	23.8	11%	50%	11.9
The Radio Network (NZ)	41.7	(1%)	6.5	(10%)	50%	3.3
APN Radio Group	109.8	5%	30.3	5%		15.2
GrabOne (NZ)	6.2	96%	1.3	383%	100%	1.3
CC Media	2.6	15%	1.0	204%	79%	0.8
Other digital	2.6		(2.9)		Various	(2.9)
APN Digital Group	11.4	81%	(0.6)	75%		(0.8)
APNO	96.5	(3%)	10.6	(19%)	50%	5.3
Adshel	67.0	22%	14.1	42%	50%	7.1
Hong Kong Outdoor	18.2	16%	2.3	3%	50%	1.1
APN Outdoor Group	181.7	7%	27.0	7%		13.5

This is not the statutory result. Refer slide 24 for reconciliation to APN's reported result.



australian regional media

Operational improvements offset by tough markets

AUD million	Revenue		EBITDA	
ARM H1 v pcp	125.2	down 7%	21.2	down 9%

Revenue

- ARM markets impacted by slowing resources sector and continuing weakness in tourism
- Overall advertising down, led by declines in real estate and employment

Operational highlights

- Core publishing in line with the previous year due to strong cost management and improved sales effectiveness
- EBITDA decline due largely to contraction in commercial printing
- Investment in digital capabilities
- Digital first approach in Coffs Harbour and Tweed delivers EBITDA improvement of \$1m on a smaller revenue base
- Headcount reduced by 5% in addition to reductions in 2011

H2 outlook

- Weak start to H2
- We have accelerated our revenue and cost reforms including sales transformation, centralisation and restructure of commercial printing

Australian Regional Media earnings initiatives

ARM continues to drive efficiencies through a range of initiatives:

- Continuing the print consolidation program
- Reduction in headcount by 10% YoY by the end of 2012, in addition to savings achieved in 2011
- Continuing centralisation and outsourcing of non-core activities
- Implementation of self service advertising across all classified categories in Q4
- Pursuing partnership opportunities to reduce distribution costs
- Productivity gains through improved technology platforms and continued investment in mobility solutions
- Launch of revamped digital platform in Q4 2012 with a greater range of commercial opportunities

The New Zealand Herald

KIWI GOLD



new zealand media

Rejuvenating products and reducing cost

AUD million (Δ% local currency)	Revenue		EBITDA	
NZM H1 v pcp	141.0	down 6%	21.7	down 23%

Revenue

- Difficult start to the year as indicated at AGM
- Revenue declines moderated in Q2

Operational highlights

- Brand audiences continue to grow with the New Zealand Herald's daily brand audience up 7%
- Major rejuvenation program, including
 - The New Zealand Herald relaunching in compact format on 10 September 2012
 - Created a multimedia sales team with solutions across print, online, radio, outdoor and magazines
 - Converting regional titles to compact and morning delivery
- Relentless focus on cost management

H2 outlook

- Advertising market expected to remain weak
- Earnings declines moderating with relaunch of the New Zealand Herald

New Zealand Media earnings initiatives

Two-pronged strategy to stabilize earnings:

- Improved market approach by reorganizing sales force to deliver multimedia sales solutions across its portfolio of print, online, magazine, radio and outdoor assets
- Further efficiencies and cost reduction in publishing

Continuing cost reduction program in 2012:

- Following the closure of NZPA, we established a central APNZ news service with a digital first approach to share news content across websites and daily titles, enabling an editorial headcount reduction
- Integrating the Herald on Sunday and the daily New Zealand Herald content teams
- Moving to a single circulation system and management approach for all newspaper and magazine titles improving efficiency
- Investing in advertising self-service technology to improve classified service and efficiency
- Examining all non-core areas and the potential to extend the outsourced model, already adopted for editorial production, circulation logistics and some printing

A review of the regional product portfolio in H2 is also likely to result in the reduction in the number of publishing days of some titles and the adoption of a digital first approach.



radio

 mix101.1

Australian Radio Network grows ratings and share

AUD million	Revenue		EBITDA	
ARN H1 v pcp	68.1	up 8%	23.8	up 11%

Revenue

- ARN revenue up 8% while market revenue down 1%
- ARN gained share in all markets. Market share up in H1 from 19.9% in 2011 to 21.8%

Operational highlights

- Ratings continue to trend upwards with the largest audience in target 25-54 demographic in over five years. Survey 5 results:
 - Sydney's WSFM is #2FM only 0.3 points behind #1FM
 - Melbourne's Mix 101.1 is #2FM with the best 10+ share in 8 years
 - Adelaide Mix 102.3 remains clear #1FM
 - Brisbane's 97.3FM is #1 in 25 to 54 and #2FM overall
- Launched three new breakfast shows and two locally focused drive shows
- Introduced new top talent - Tim Ross (Rosso), Chrissie Swan, Sami Lukis
- Best in class margin and strong cash flow

H2 outlook

- Market resilience and ARN grew share in July
- Expect ARN to at least match strong performance in H2 2011

New Zealand radio market returns to growth

AUD million (Δ% local currency)	Revenue		EBITDA	
TRN H1 v pcp	41.7	down 1%	6.5	down 10%

Revenue

- In Q2 both NZ radio market and TRN returned to growth after poor Q1
- Market share for H1 down slightly from 47.9% in 2011 to 47.2%

Operational highlights

- New CEO Jane Hastings starting in September 2012
- Radio Sport launched on FM – aim is to be clear #2 talk network behind TRN's Newstalk ZB
- Invested in high profile talent with Martin Devlin joining Hauraki and Jason Gunn joining Classic Hits
- Newstalk ZB remains #1 10+ station in main metro markets and #1 station nationally. TRN has 3 of the top 5 networks nationally and the top 3 stations in Auckland

H2 outlook

- July market continuing Q2 growth
- Expect result generally in line with prior year



UTOPIA
COLDPLAY
ALBUM OUT NOW

HOTEL

YOUNG AND JACKSON

EST.

187

YOUNG

AND

JACKSON

YOUNG & JACKSON

PRINCES BRIDGE HOTEL

outdoor

APN Outdoor Group

Country	Brand	Large Format	Posters	Transit	Street Furniture
Australia		✓	✓	✓	
	ADSHEL				✓
New Zealand		✓	✓	✓	
	ADSHEL				✓
Indonesia		✓			
Hong Kong				✓	
		✓			

- APN's Outdoor Group comprises 50% interests in each of APNO, Adshel and Hong Kong Outdoor
- Combined underlying revenue is \$400m and EBITDA is in excess of \$70m per annum
- In H1 2012, APN's businesses on a combined basis outperformed the market with underlying revenue up 7% and underlying EBITDA up 7%

Adshel stand out performance

AUD million	Revenue		EBITDA	
Adshel H1 v pcp	67.0	up 22%	14.1	Up 42%

Revenue

- Outdoor market in Australia up 3%, New Zealand market down 13%
- Australian market share up 3.5 points in H1
- New Zealand market share up 4.5 points

Operational highlights

- Strategic contract wins in 2011 including Yarra Trams driving strong revenue growth
- Successfully renewed key contracts in Sydney and Perth
- World first digital display campaign with Qantas - Adshel used technology that enabled passers-by to feature on campaign's large digital billboard in Sydney's Town Hall station

H2 outlook

- Australian market growth continued in July
- Expecting to continue strong double digit revenue and EBITDA growth

APNO joint venture repositioned for growth

AUD million	Revenue		EBITDA	
APNO H1 v pcp	96.5	down 3%	10.6	down 19%

Revenue

- Outdoor market in Australia up 3%, New Zealand market down 13%
- APNO recovering share in Australia after slow start
- New Zealand share down slightly

Operational highlights

- Established APNO as a joint venture with Quadrant Private Equity to pursue growth
- Renewed exclusive advertising contracts for bus fleets with NSW State Transit Authority, South Australian Government and the Brisbane City Council
- Established Brisbane's first premium large format digital billboard and increased digital signage at Perth airport
- Pursuing strategic investments

H2 outlook

- Australian market growth continued in July
- New Zealand will be challenging given tough Rugby World Cup comparables
- APNO expected to at least maintain share

Hong Kong Outdoor growing strongly in a vibrant market

AUD million (Δ% local currency)	Revenue		EBITDA	
HK Outdoor v pcp	18.2	up 16%	2.3	up 3%

Revenue

- Outdoor advertising market up 7% in H1
- Billboard revenue up 33% and transit revenue up 2%

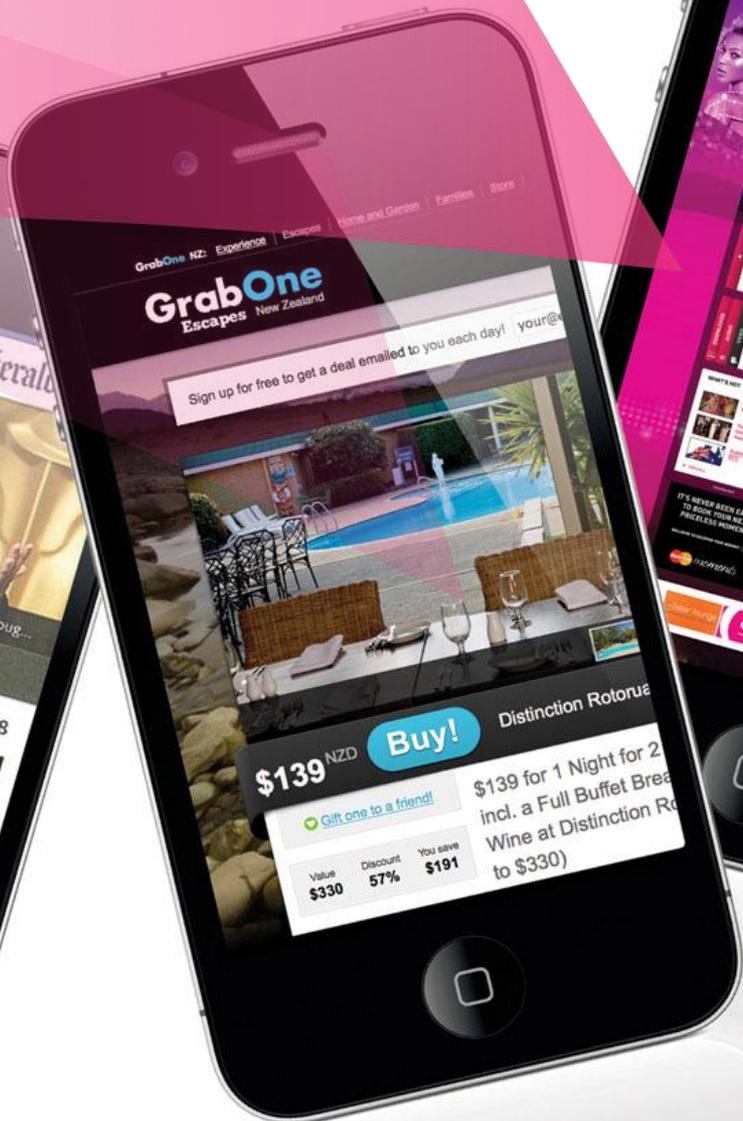
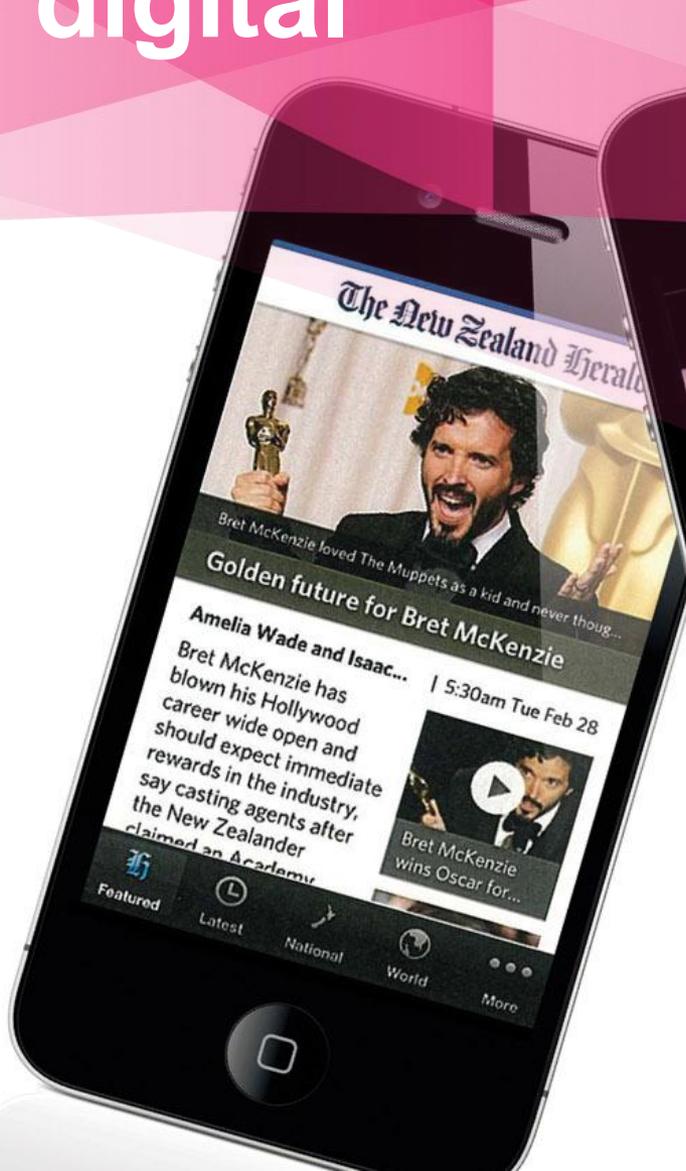
Operational highlights

- Expanded Webus (free wifi) initiative to 300 buses
- Buzplay contract (in bus multimedia) commenced 1 July 2012. Early signs encouraging
- Forward bookings strong

H2 outlook

- Expect market growth to continue
- Investment in new contract initiatives to position for 2013
- Expect H2 result comparable to last year

digital



Connecting audiences and advertisers in innovative ways

- Our digital portfolio positions APN for the shifts occurring by advertisers who are increasingly looking for more accountable advertising as well as data rich advertising and marketing solutions
- We now have a portfolio with significant digital audiences across Australia and New Zealand with growing profits which augment our traditional broadcast media properties
- This will strengthen our existing brands, build powerful new digital brands and drive new revenue
- We are investing in:
 - Digital transaction platforms focused on key advertiser segments, eg GrabOne (SMB), CC Media (retail), and brandsExclusive (brands)
 - Building audiences, eg nzherald.co.nz, ARN and TRN web and mobile sites, and GrabOne and brandsExclusive membership bases
 - Enabling capabilities, eg mobile and data analytics

Focused execution and value creation through our digital strategy

APN digital portfolio

- Increased equity in GrabOne from 75% to 100%
- Acquired 82% of brandsExclusive

We do not anticipate any significant additional investments in the next 12 months

Building digital capabilities across APN:

- Mobile – 143% increase in The New Zealand Herald mobile advertising revenue. 20% of GrabOne transactions are via mobile
- Social – APN Facebook audience up 25% and Twitter audience up 29%. APN social media audience is over 1m, driving engagement and ultimately enabling advertising
- Data – Data trials underway to cross-sell NZM and GrabOne audiences. Additional GrabOne data trial produced 23% increase in email open rate increasing likelihood of purchase
- Video – 742% increase in ARM daily video streams from unique content. All APN video now includes pre-roll advertising. Radio and publishing sharing video content

Digital revenue growing with focus on earnings

AUD million (Δ% local currency)	Revenue		EBITDA	
APN Digital Group H1 v pcp	11.4	up 81%	(0.6)	up 75%

Digital comprises three key operating businesses, a number of small investments as well as over \$2m central of digital team costs

GrabOne NZ

- 89% increase in GrabOne members
- Approximately 75% market share
- 62% increase in GrabOne coupons sold
- Building on strong EBITDA trajectory, with run rate greater than \$5m per annum
- Expected to generate strong free cash flow in H2

CC Media

- Strong YoY revenue and earnings growth, EBITDA positive
- Launched in New Zealand
- iNC Network reach up 58% and catalogue page views up 12%

brandsExclusive

- 1.8m members and currently adding more than 70,000 each month
- Acquired in late June 2012, minimal H1 impact
- Investing in growth, will deliver material EBITDA from 2013



H1 2012 Financials

Business performance

APN's results have been complicated in H1 2012 by the formation of the APNO joint venture with Quadrant. This table and the following slides reconcile business performance with APN's reported results in H1 2012.

AUD million (Δ% local currency)	Revenue	YoY growth	EBITDA	YoY growth	Ownership	Accounting treatment	APN Revenue	APN EBITDA
Australian Regional Media	125.2	(7%)	21.2	(9%)	100%	Consolidated	125.2	21.2
New Zealand Media	141.0	(6%)	21.7	(23%)	100%	Consolidated	141.0	21.7
APN Publishing Group	266.2	(7%)	42.9	(17%)			266.2	42.9
Australian Radio Network	68.1	8%	23.8	11%	50%	Consolidated	68.1	23.8
The Radio Network (NZ)	41.7	(1%)	6.5	(10%)	50%	Consolidated	41.7	6.5
APN Radio Group	109.8	5%	30.3	5%			109.8	30.3
GrabOne (NZ)	6.2	96%	1.3	383%	100%	Consolidated	6.2	1.3
CC Media	2.6	15%	1.0	204%	79%	Consolidated	2.6	1.0
Other digital	2.6		(2.9)		Various	Consolidated	2.6	(2.9)
APN Digital Group	11.4	81%	(0.6)	75%			11.4	(0.6)
APNO	96.5	(3%)	10.6	(19%)	50%	Slide 26	71.6	6.0
Adshel	67.0	22%	14.1	42%	50%	Associate	-	3.2
Hong Kong Outdoor	18.2	16%	2.3	3%	50%	Consolidated	18.2	2.3
APN Outdoor Group	181.7	7%	27.0	7%			89.8	11.5
							477.1	84.1
						Corporate		(9.2)
						APN Result	477.1	74.9

In the Appendix we have included a table that reconciles between segment and statutory results

Divisional performance

SEGMENT RESULT

AUD million (YoY Growth %)	Revenue Local currency			EBITDA Local currency		
	H1 2012	As reported	As reported	H1 2012	As reported	As reported
Australian Regional Media	125.2	(7%)	(7%)	21.2	(9%)	(9%)
New Zealand Media	141.0	(6%)	(3%)	21.7	(23%)	(20%)
Australian Radio Network	68.1	8%	8%	23.8	11%	11%
The Radio Network	41.7	(1%)	3%	6.5	(10%)	(6%)
APN Outdoor Group	89.8	(26%)	(26%)	11.5	(29%)	(29%)
APN Digital Group	11.4	245%	257%	(0.6)	75%	75%
Corporate	-			(9.2)	(19%)	(18%)
Total	477.1	(7%)	(6%)	74.9	(13%)	(12%)

* refer to slide 26 for a detailed breakdown of the APN Outdoor Group result

APN Outdoor Group

This slide reconciles the results for the APN Outdoor Group to the segment result on slide 25

Outdoor Group AUD million	Period	Accounting treatment	APN Revenue	APN EBITDA
APN Outdoor	Jan-April	Consolidated	71.6	6.8
APNO JV	May-June	Associate	-	(0.7)
APN Outdoor			71.6	6.0
Adshel	Jan-June	Associate	-	3.2
Hong Kong Outdoor	Jan-June	Consolidated	18.2	2.3
Total Outdoor Group			89.8	11.5

- APN Outdoor capitalised with circa \$120m of external debt facilities which are non-recourse to APN
- Capital structure includes equity and shareholder loans
- Accounting uplift to fair value on formation of the APNO JV has increased D&A expense within APNO
- Result for May-June reflects APN's share of NPAT taking the above into account
- Adshel & HK debt free

APNO JV formation - annualised impact on NPAT

EBIT previously included in APN result (2011 EBIT)	29.4
Net interest savings	(15.9)
APN net pretax profit reduction	13.5
Tax effect	(4.1)
Replaced by share of associates NPAT	(1.5)
Reduction in NPAT (annualised)	8.0

- Outdoor is highly seasonal with materially stronger EBIT in the December half than the June half. As a result the dilution predominately impacts APN's H2 result
- Share of associates income is after charging interest on loans (non recourse to APN) tax and after amortisation of intangibles arising on acquisition

Free cash flow

AUD million	12 mths to June 12	12 mths to June 11
EBITDA (pre exceptional items)	198.7	220.8
Operating cash flow (pre exceptional items)	188.0	217.7
% of EBITDA	95%	99%
Adjusted for associates	98%	101%

Cash flow

AUD million	H1 2012	H1 2011
Operating cash flow excluding exceptional items	77.8	100.9
Net payments related to exceptional items	(1.3)	(5.8)
Net interest paid	(24.0)	(25.9)
Net tax paid	(6.9)	(15.7)
Capital expenditure	(10.8)	(13.1)
Payments related to investments	(31.7)	(5.6)
Proceeds from sale of properties	19.5	1.4
Net proceeds on formation of APNO joint venture	173.0	-
Net proceeds from sale of equity instruments	8.0	3.2
Dividends – APN shareholders	(16.0)	(24.1)
Payments to non controlling interests	(10.4)	(10.6)
Other	(0.1)	2.8
Total cash inflow	177.1	7.5
Foreign exchange impact	(8.6)	(8.2)
Net debt reduction	168.5	(0.7)

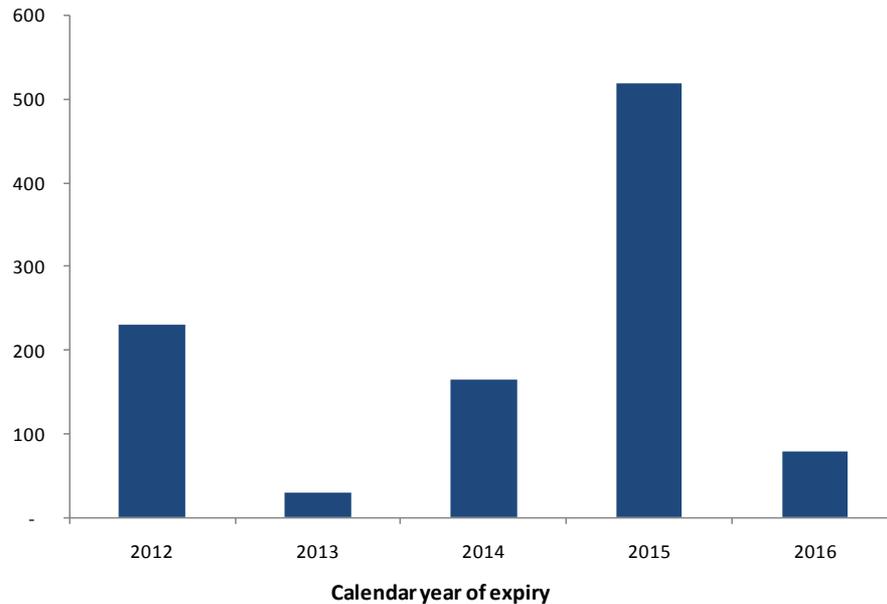
Exceptional Items

AUD million	H1 2012	H1 2011
Net gain on formation of APNO joint venture	80.0	-
Gain on disposal of properties	1.4	-
Fair value adjustment on acquisition of associate	-	8.1
Redundancies and associated costs	(1.3)	(10.3)
Asset write downs	-	(11.3)
Impairment of intangibles	(485.0)	(156.0)
Closure of Finda	-	(0.8)
	(404.8)	(170.4)
Income tax credit	66.3	50.4
Non controlling interests	-	(0.1)
Exceptional items, net of tax and non controlling interests	(338.5)	(120.1)

- Other than the gain on APN Outdoor and the impairment charge, minimal exceptional items in H1 2012

Credit profile

DEBT FACILITIES MATURITY PROFILE



AUD million	Jun-12	Dec-11
Gross debt	508.5	669.5
Cash	31.4	23.9
Net debt	477.1	645.6

- Net debt to LTM EBITDA 2.4x
- Undrawn facilities of circa \$400m, sufficient to cover maturities until 2014

H1 results summary

Publishing

- Challenging conditions in Australia and New Zealand
- Non-cash impairment charge of \$485m
- Focus on cost management in ARM
- Major rejuvenation program well underway in New Zealand

Radio

- Australian radio revenues up 8%
- Strong performance from ARN, EBITDA up 11%, market share gains in all markets
- TRN new CEO starting September 2012

Outdoor

- APN Outdoor Group total revenue up 7%, and EBITDA up 7%
- Adshel revenue up 22% and EBITDA up 42%
- APNO JV net proceeds used to repay debt

Digital

- Digital strategy bearing fruit
- GrabOne EBITDA \$1.3m, will double in H2
- CC Media EBITDA \$1.0m
- brandsExclusive acquisition expected to drive further EBITDA growth in 2013

Other

- Significant debt reduction in H1 2012 - \$168m
- New Zealand strategic review ongoing

Outlook statement

Net Profit After Tax (NPAT) in H2 is expected to be affected by:

- the impact of the recent deterioration in our July and August publishing revenues in Australia. If these conditions were to continue, we would expect our combined publishing EBITDA result (Australia and New Zealand) to report declines over the prior corresponding period broadly similar to the 17% fall experienced in H1; and
- the NPAT dilution arising from formation of the APNO joint venture with Quadrant Private Equity. The annualised impact is estimated to be negative \$8m, virtually all of which impacts H2 due to the seasonality of outdoor earnings.

Our other divisions continue to perform well and results from these divisions are expected to be ahead of or in line with the same period last year.



Appendices

Financial Summary

This slide shows the impact of the APN Outdoor joint venture on APN's continuing results as reported.

AUD million	Segment result			Result from continuing operations		
	H1 2012	H1 2011	YoY growth	H1 2012	H1 2011	YoY growth
Revenue	477.1	508.1	(6%)	405.5	401.8	1%
EBITDA*	74.9	85.0	(12%)	68.1	72.0	(5%)
EBIT*	57.5	66.5	(14%)	53.2	57.3	(7%)
Net profit after tax pre-exceptionals	19.1	21.8	(12%)	15.2	14.0	8%
Exceptional items (including impairment)	(338.5)	(120.1)	182%	(418.6)	(120.1)	248%
Statutory net loss after tax	(319.4)	(98.3)	(225%)	(403.4)	(106.1)	280%

* before exceptional items based on segment reporting

Reconciliation of segment results to statutory results

AUD million	Segment result		Exceptional items / discontinued operations		Statutory result	
	H1 12	H1 11	H1 12	H1 11	H1 12	H1 11
Revenue before finance income	477.1	508.1	(71.6)	(106.3)	405.5	401.8
Other income	1.3	1.1	1.4	8.0	2.7	9.1
Share of associate profits	2.4	1.7	0.1	-	2.5	1.7
Costs	(405.9)	(425.8)	(421.5)	(85.1)	(827.5)	(510.9)
EBITDA	74.9	85.0	(491.7)	(183.4)	(416.8)	(98.4)
Depreciation/amortisation	(17.4)	(18.5)	2.5	3.8	(14.8)	(14.7)
EBIT	57.5	66.5	(489.1)	(179.6)	(431.6)	(113.1)
Net interest	(24.6)	(27.7)	-	-	(24.6)	(27.7)
Tax	(2.6)	(6.3)	66.6	51.9	64.0	45.6
Profit from continuing operations	30.3	32.5	(422.5)	(127.7)	(392.2)	(95.2)
Profit from discontinued operations	-	-	84.0	7.7	84.0	7.7
Non controlling interests	(11.2)	(10.8)	-	(0.1)	(11.2)	(10.9)
Net profit/(loss) after tax	19.1	21.8	(338.5)	(120.1)	(319.4)	(98.3)

EBITDA to EBIT reconciliation

AUD million	2012			2011		
	EBITDA	D&A	EBIT	EBITDA	D&A	EBIT
Australian Regional Media	21.2	5.1	16.1	23.4	5.7	17.6
New Zealand Media	21.7	4.9	16.8	27.2	4.3	23.0
Australian Radio Network	23.8	1.6	22.2	21.5	1.2	20.3
The Radio Network	6.5	2.4	4.1	7.0	2.2	4.8
APN Outdoor Group	11.5	2.6	8.9	16.3	3.8	12.4
APN Digital Group	(0.6)	0.6	(1.2)	(2.5)	0.3	(2.8)
Corporate	(9.2)	0.3	(9.5)	(7.8)	1.0	(8.8)
Total	74.9	17.4	57.5	85.0	18.5	66.5

Currency and tax

	AUD/NZD		AUD/HKD	
	2012	2011	2012	2011
June half average	1.284	1.335	8.022	8.108
Full year average	N/A	1.306	N/A	8.041
Period end rate (June 12 / Dec 11)	1.273	1.314	7.820	7.934

Effective tax rate (pre exceptionals)	2012	Half Year	8%
	2011	Half Year	16%

H1 tax rate is based on estimate of full year effective tax rate

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