



# Annual General Meeting of Shareholders

30 April 2010



Chairman – G.K. O'Reilly



Chief Executive – B.M.A. Hopkins

# Overview

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- 2009 result in line with guidance
- Strong cost outcome – high operating leverage
- First 4 months 2010 revenue improvement
- National advertising strong, with Outdoor main beneficiary
- Publishing ahead in Australia and New Zealand
- Online integration progressing to plan
- Significant debt reduction
- Outlook positive

# 2009 Full Year Result

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Revenue \$1,030.7m

EBITDA \$230.2m

EBIT \$189.0m

**NPAT \$94.2m**

Earnings Per Share 17.0 cents

Dividend Per Share 4.0 cents (fully franked)

Note: Unless otherwise stated, all figures are before exceptional items and discontinued businesses

# Divisional Performance – FY<sup>†</sup>

AUD millions	Revenue			EBIT		
	FY 2009	Change on pcp		FY 2009	Change on pcp	
		LC*	Reported		LC*	Reported
Australian Publishing	<b>272.2</b>	(11%)	(11%)	<b>59.5</b>	(29%)	(29%)
NZ Publishing	<b>321.9</b>	(15%)	(18%)	<b>66.5</b>	(24%)	(27%)
Australian Radio	<b>123.3</b>	(6%)	(6%)	<b>43.6</b>	(9%)	(9%)
NZ Radio	<b>85.0</b>	(15%)	(19%)	<b>13.5</b>	(32%)	(35%)
Outdoor	<b>231.0</b>	(14%)	(13%)	<b>16.1</b>	(60%)	(59%)
Corporate	<b>9.1</b>			<b>(10.2)</b>		
<b>Total</b>	<b>1,042.4</b>	(13%)	(14%)	<b>189.0</b>	(32%)	(33%)
Interest	<b>1.7</b>					
Exceptionals	<b>7.9</b>			<b>(5.5)</b>		
<b>TOTAL</b>	<b>1,052.0</b>			<b>183.5</b>		

† Before exceptional items and discontinued businesses.

\* Local Currency

# Divisional Performance – H2<sup>†</sup>

AUD millions	Revenue			EBIT		
	FY 2009	Change on pcp		FY 2009	Change on pcp	
		LC*	Reported		LC*	Reported
Australian Publishing	<b>140.6</b>	(8%)	(8%)	<b>33.7</b>	(21%)	(21%)
NZ Publishing	<b>164.3</b>	(10%)	(13%)	<b>36.4</b>	(9%)	(11%)
Australian Radio	<b>63.7</b>	(5%)	(5%)	<b>21.5</b>	(15%)	(15%)
NZ Radio	<b>43.4</b>	(12%)	(15%)	<b>7.7</b>	(20%)	(22%)
Outdoor	<b>115.5</b>	(13%)	(16%)	<b>12.5</b>	(46%)	(47%)
Corporate	<b>7.8</b>			<b>(3.0)</b>		
<b>Total</b>	<b>535.3</b>	(9%)	(11%)	<b>108.8</b>	(24%)	(25%)
Interest	<b>1.1</b>					
Exceptionals	<b>4.4</b>			<b>1.2</b>		
<b>TOTAL</b>	<b>540.8</b>			<b>110.0</b>		

† Before exceptional items and discontinued businesses.

\* Local Currency

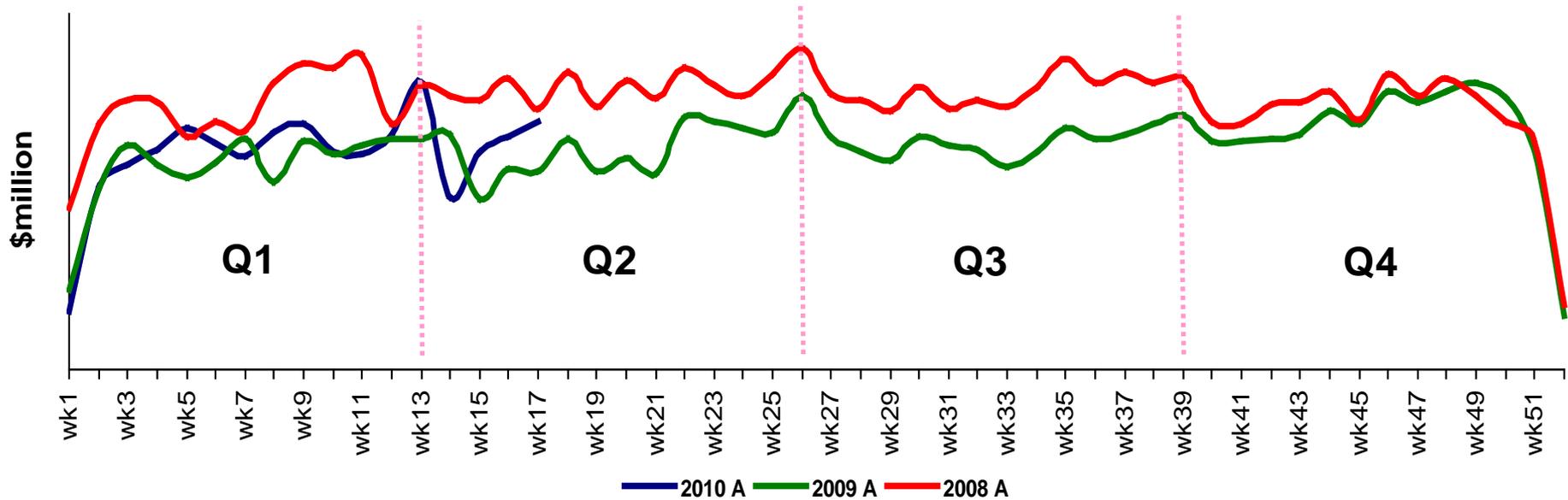
# Australian Publishing including Online

		Revenue	Costs	EBIT
H2 Performance	A\$	(8%)	(2%)	(21%)

- Restructuring completed – core businesses in good shape
- Press upgrades improve product quality and attract new contracts
- Strengthened management team
- Long-term newsprint arrangement
- Queensland commodity markets showing growth

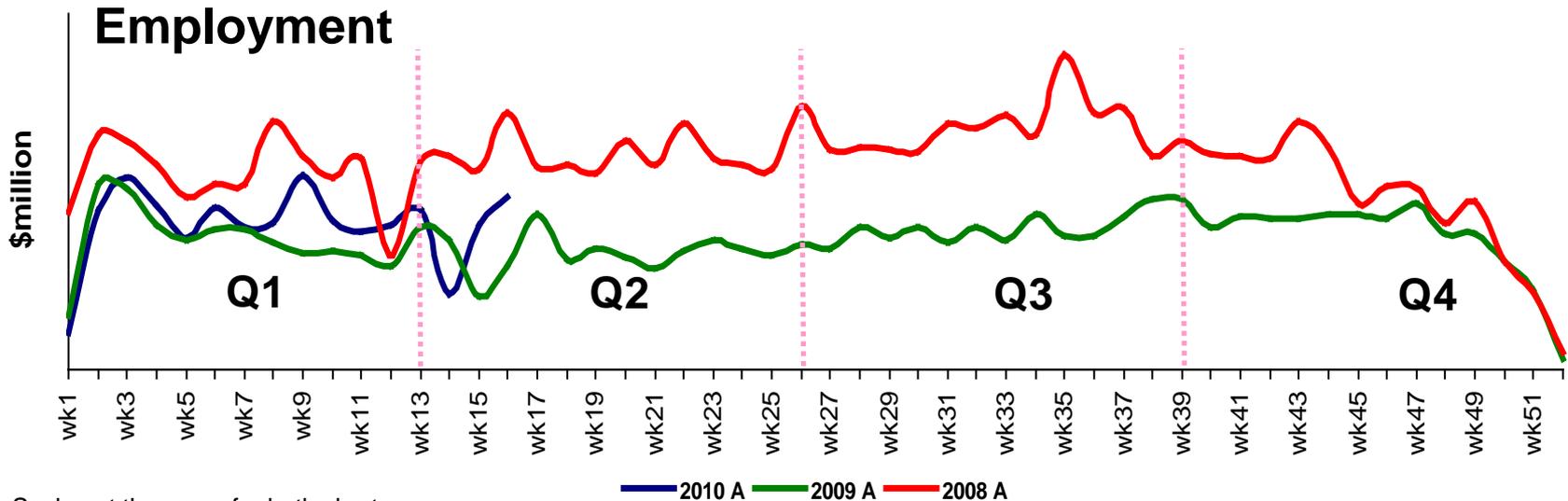
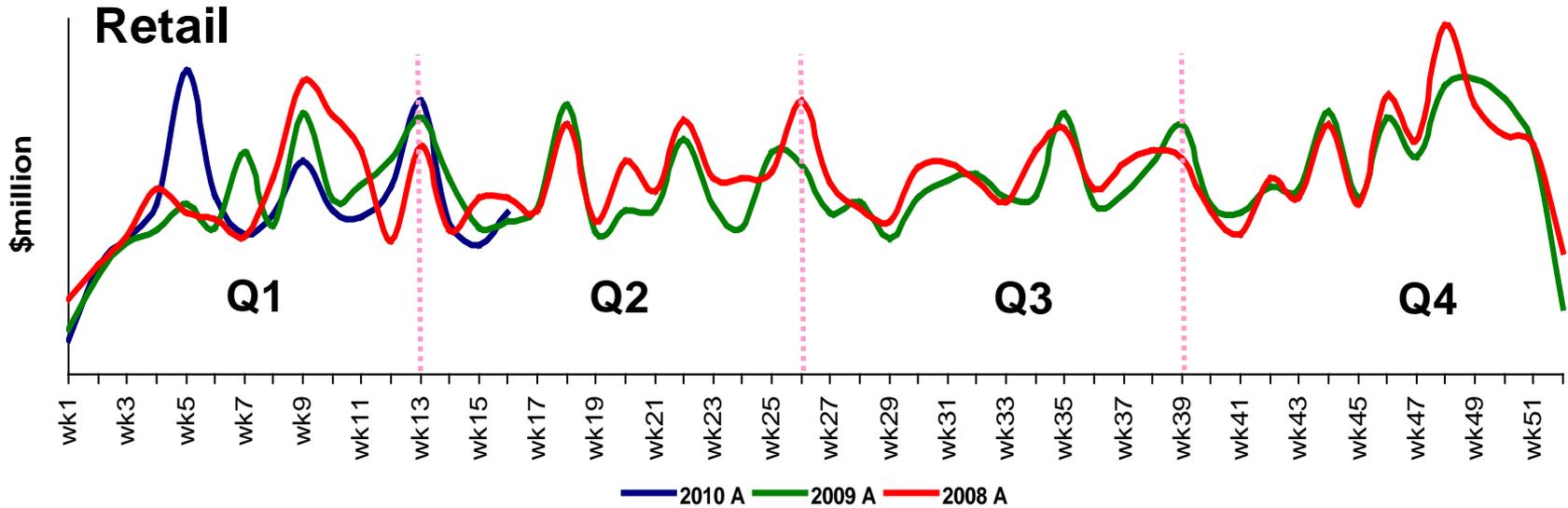
# Australian Newspapers – Ad revenue

## Total advertising



- Impact of GFC evident from Q3 2008
- Gap closed during Q4 2009
- Further strengthening apparent in 2010, tracking ahead of 2009

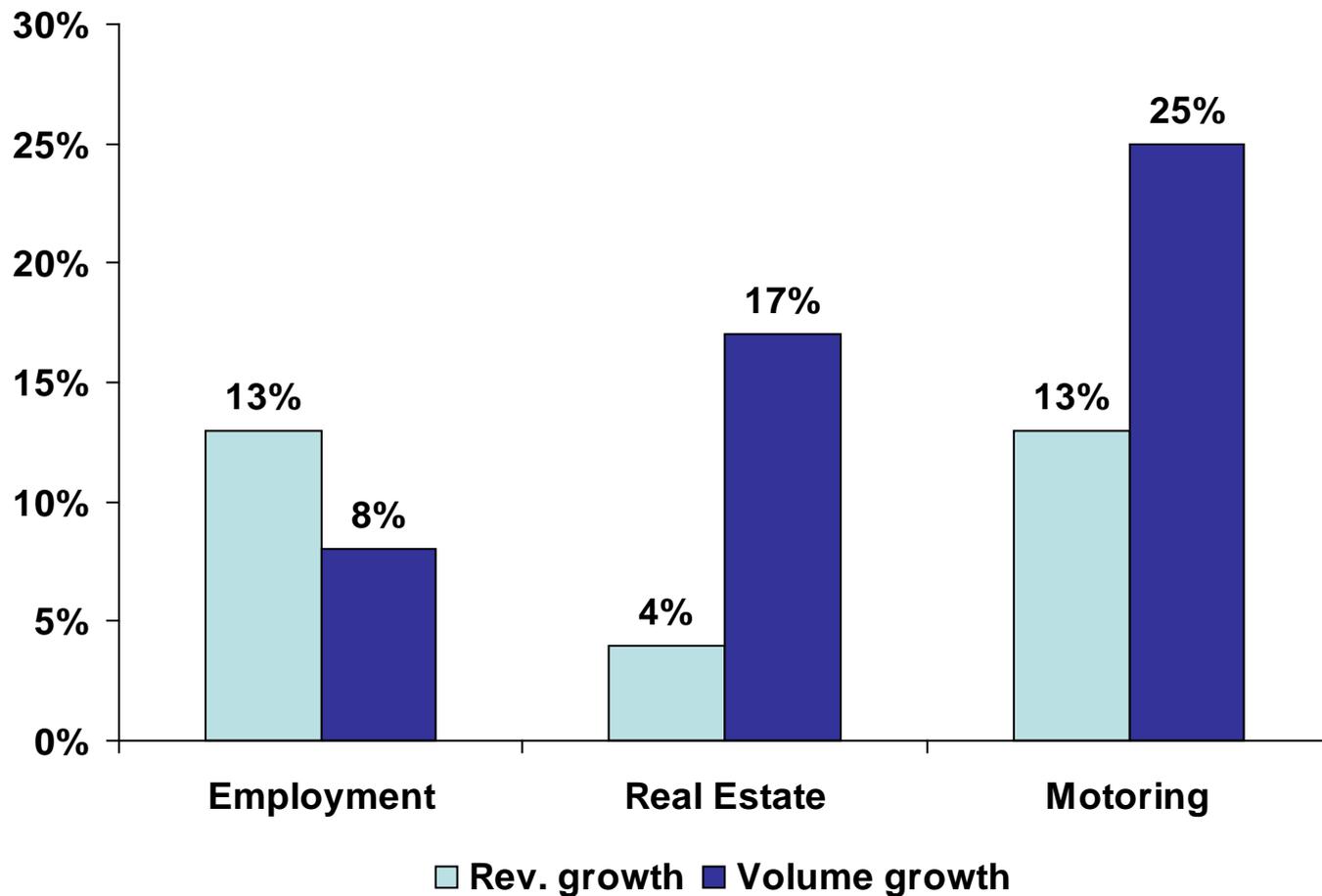
# Australian Newspapers – Ad revenue



Note: Scale not the same for both charts

# Australian Newspapers – Ad revenue

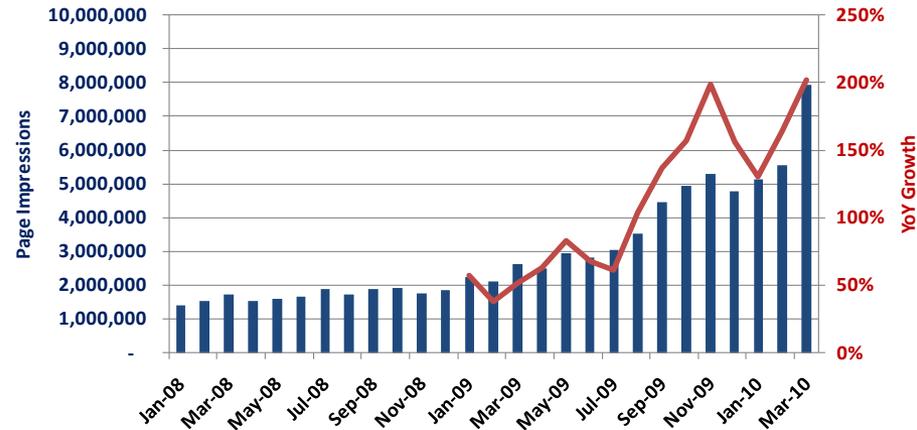
Trading year-to-date



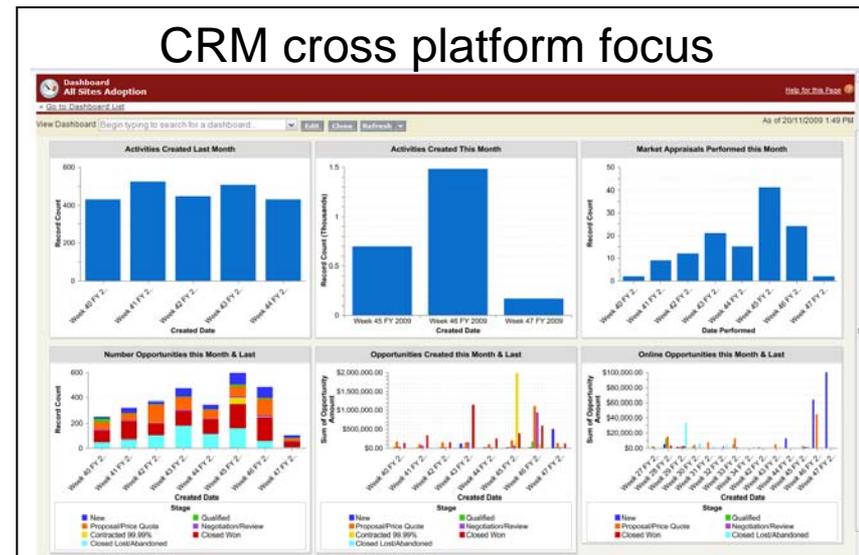
# Australian Publishing including Online

- Cross-platform model opportunities
- Integrated sales teams for local markets
- Regional News Network building advertiser and consumer support
- New CRM systems include cross selling

Regional website traffic



CRM cross platform focus



# Cross-platform sales

- Suncorp campaign reflected engagement with the community
- APN leveraged in-paper and online advertising and content
- Local micro sites created
- A case study for other finance clients

www.thechronicle.com.au

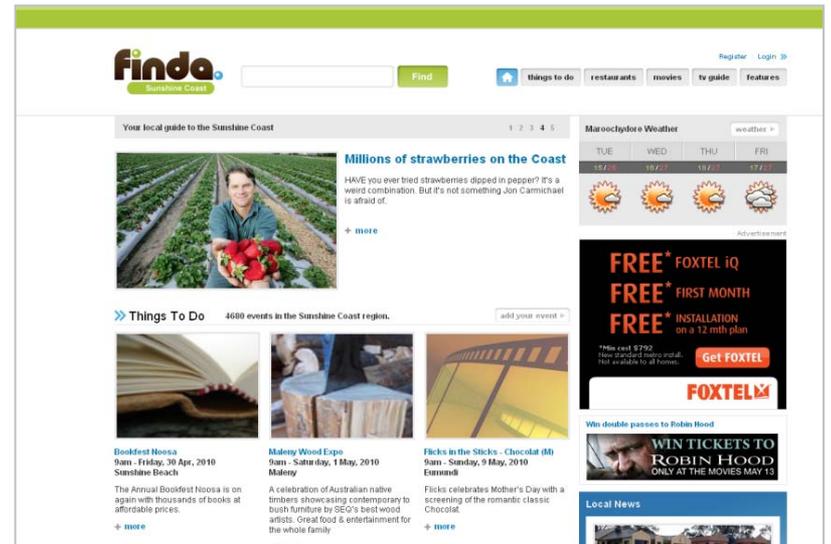
The screenshot shows the homepage of www.thechronicle.com.au. At the top, there is a navigation bar with links for Home, News, Sport, Entertainment, Lifestyle, Money, Travel, What's On, Photos, Weather, Classifieds, and Google Custom Search. A prominent banner at the top right reads "CHOOSE QUEENSLAND'S MUST-HAVE CTP INSURANCE." with the Suncorp Insurance logo. Below the navigation bar, there are several content blocks: "Insurance" with articles on avoiding household water damage, safe driving in back-to-school zones, and short tips for long trips; "WIN AN AUTOGRAPHED QLD BULLS CRICKET BAT" with a "Click to WIN" button; "The Must-Have Information" with links for Home, Car, Handy Tips, Book, and Weather; and another "CHOOSE THE MUST-HAVE MOTOR INSURANCE FOR TOOWOOMBA" banner with a "Click here" button and the phone number "OR CALL 13 11 55".

In paper promotion

The image shows a paper promotion for Suncorp insurance. It features a large, stylized "Win" in yellow text, followed by "an autographed QLD Bulls cricket bat". Below this, it says "For your chance to win go to www.thechronicle.com.au/insurance". At the bottom, there are logos for Suncorp Insurance and The Chronicle, along with the website address thechronicle.com.au.

# finda network

- Hyper-local user experience
- Local content features
- 'What's On' a key driver
- Increasing community-sourced contributions
- Recently launched local restaurant guide



# business finda

- businessfinda.com.au is a directory of local businesses
- It allows APN communities to search for businesses in their region
- businessfinda.com.au has been launched in Warwick and will be rolled out across the finda markets throughout 2010 and 2011
- Leveraging previous, successful online directory experience



Home | Category Index | Contact      Jobs | Cars | Property | Bargains | Notices | Obituaries

business **finda**  
Your Local Guide to Business Listings in the Southern Downs, Queensland

Keyword Business Name

« Back to results

**Carey Bros Butchers**  
Ph. 07 4661 1799  
39 Locke Street WARWICK Queensland 4370

Products & Services  
- Butcher  
- Abattoir

Butchers - Retail

Carey Bros have been operating on the Darling Downs since 1944 with an Abattoir and Retail Butchering outlets at Warwick and Yangan. Carey Bros have been serving the Brisbane area with home delivered fine meat products for the past 15 years. They have a number of outlets in the Warwick Town area. Call the office on 07 4661 1799 for more information.

Are these business details incorrect? Please [contact us](#).

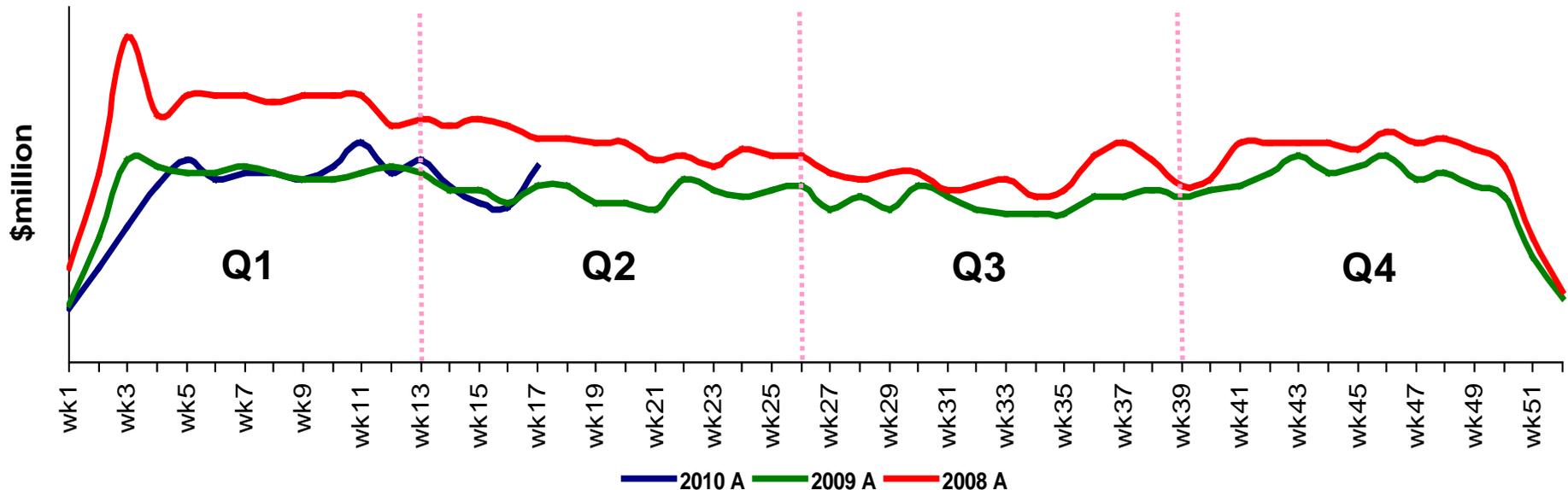
# New Zealand Publishing including Online

		Revenue	Costs	EBIT
H2 Performance	NZ\$	(10%)	(10%)	(9%)

- Revenue improvement in December 2009
- World class cost performance
- Integrated cross-platform model
- Maintained audience
- nzherald.co.nz number 1 news site in the country
- 2010 Q1 positive year-on-year

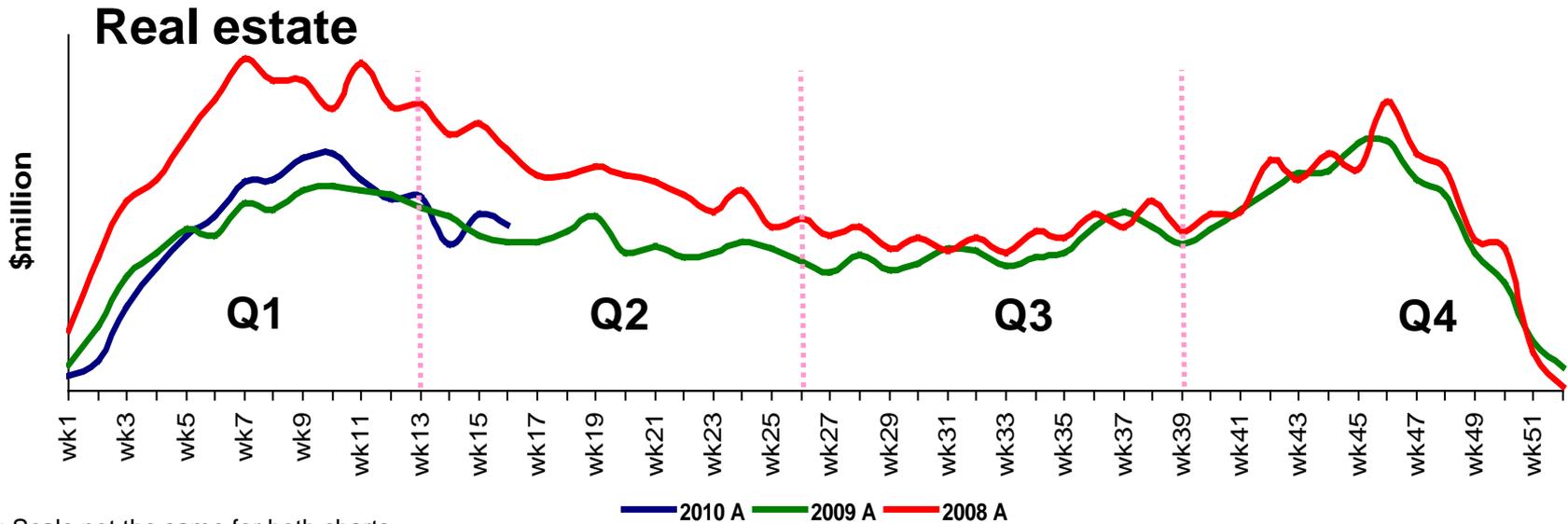
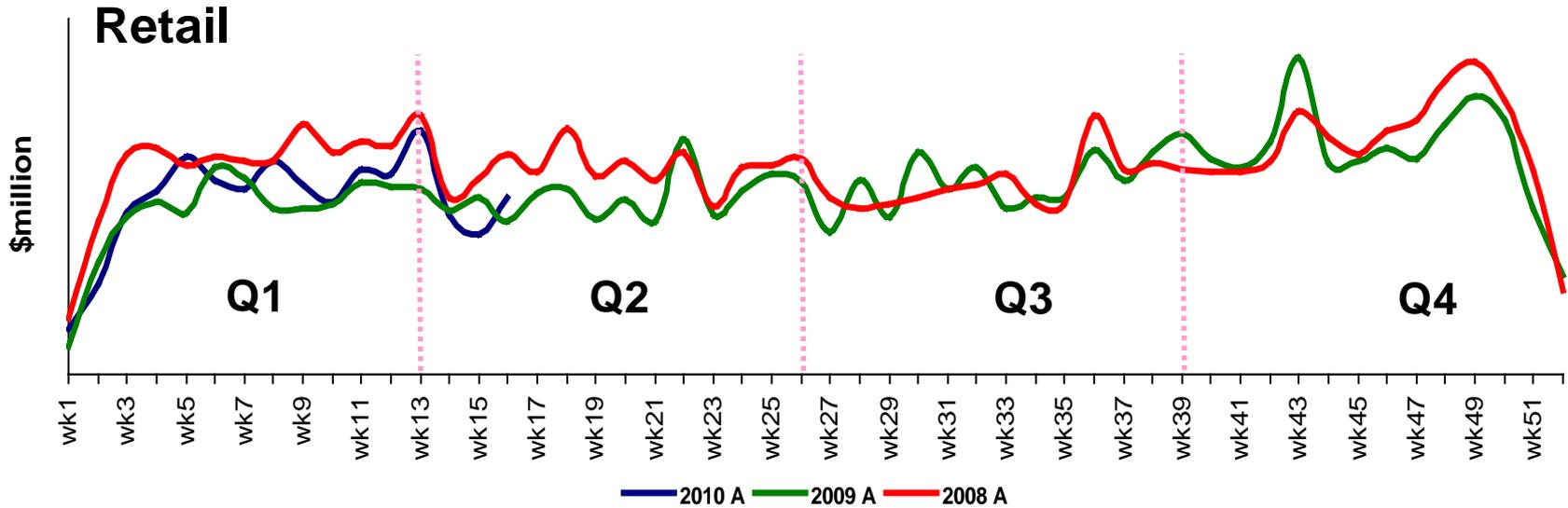
# NZ Newspapers – Ad revenue

## Total advertising



- Deterioration from early Q2 2008
- Began to stabilise early Q3 2009
- Q4 2009 began to align with 2008 comps
- 2010 trending ahead of prior year

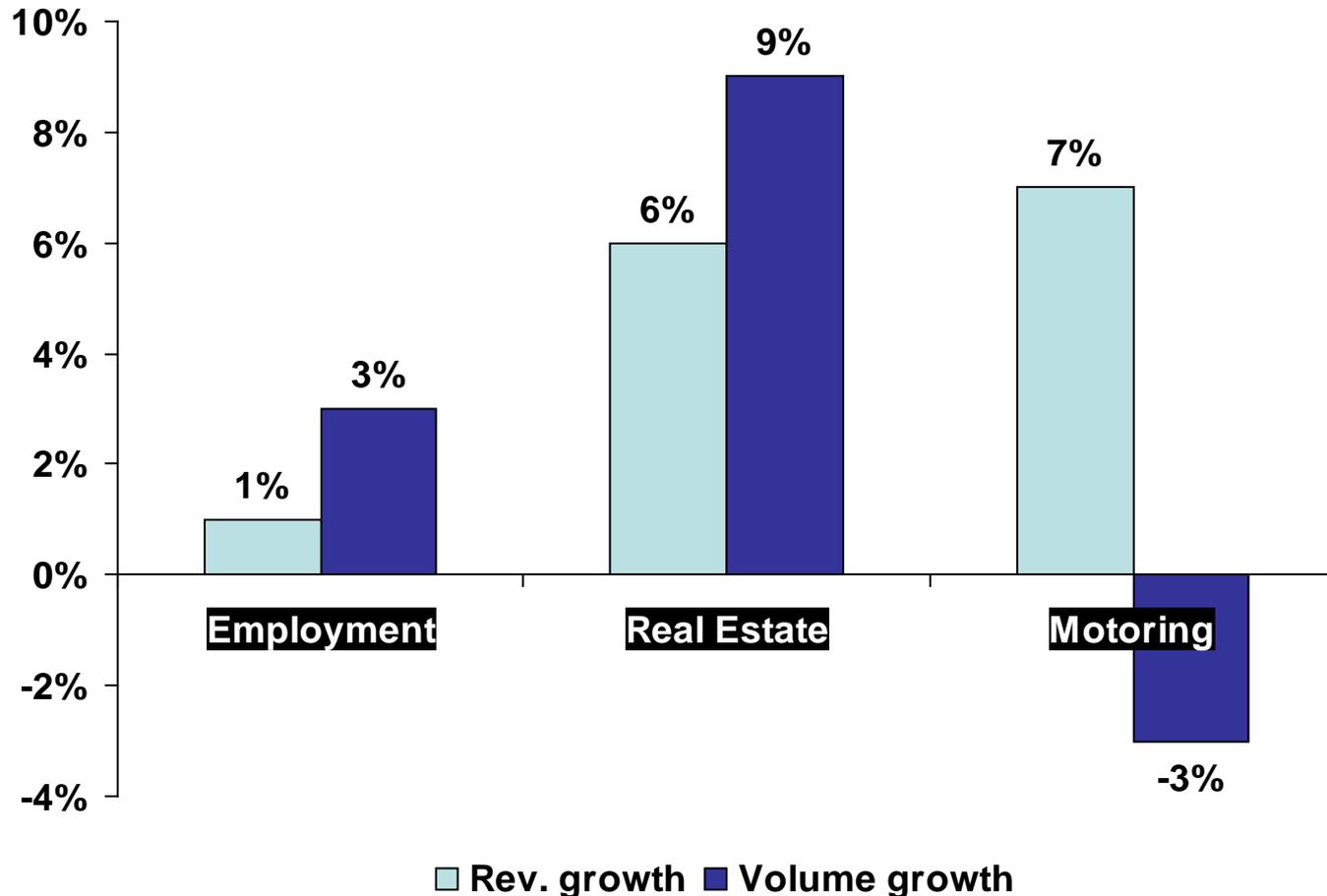
# NZ Newspapers – Ad revenue



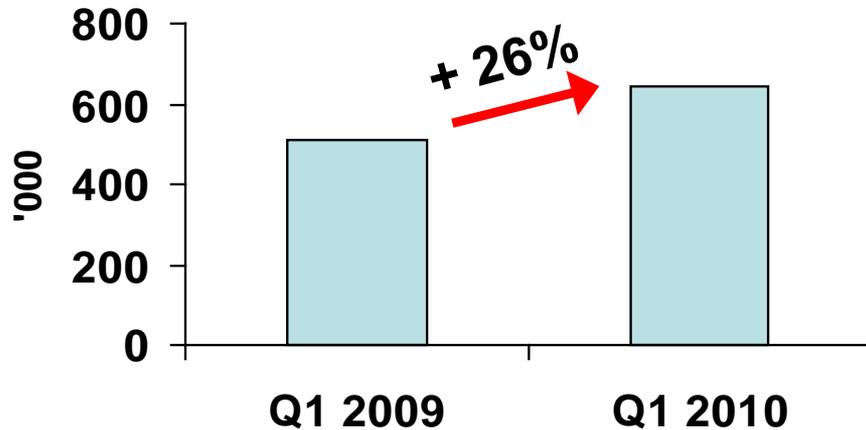
Note: Scale not the same for both charts

# NZ Newspapers – Ad revenue

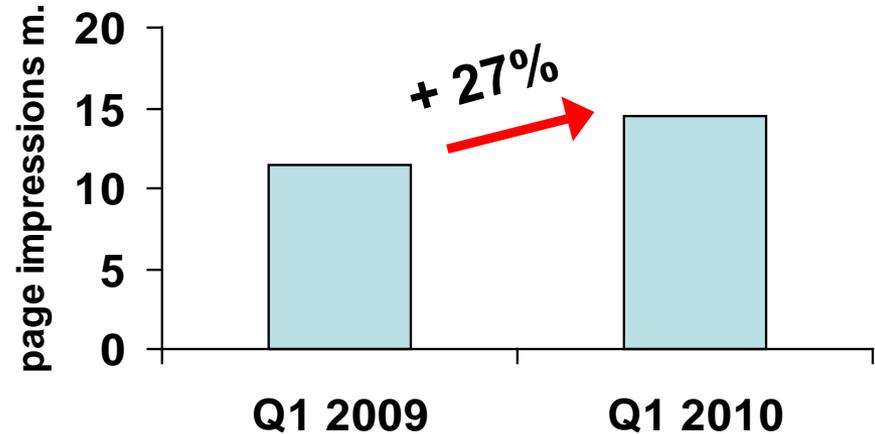
The New Zealand Herald – trading year-to-date



## Weekly Unique Browsers



## Weekly Traffic



- nzherald.co.nz increases profitability
- Most popular news website
- Direct Client Sales up 60% YOY
- Industry leadership in driving use of more sophisticated advertising metrics like site page and session duration



- Mobile version >40K unique browsers each week
- Charging for mobile content
- APN well positioned to benefit from rapid growth in popularity of mobile content readers and services

# Sella 'freemium' strategy

- Free listings continue to grow strongly
- Activity on the site is growing weekly
- Over 250,000 registered members. Growth rate has increased.
- Paying features launched & proving popular
- Sella Mobile site on track for Q2
- Platform powering APN branded classified verticals for nzherald.co.nz



	Now	Dec 2010 (est.)
<b>Members</b>	250,000	375,000
<b>Traffic</b>	450,000	700,000
<b>Listings</b>	230,000	300,000
<b>Cars</b>	27,000	32,000
<b>Property</b>	28,000	60,000

# Cross-platform sales

- Targeting categories that traditionally use TV
- Packages include Magazines, Newspapers, Online, Outdoor and Radio
- All publishing sales teams trained to present multimedia proposals

**Magazines**  
*The great inspiration*  
Guides accompanying your shoppers on holiday and getting them up-to-speed on the latest gear, magazines build an intimate relationship with your brand.

**Radio**  
*Closest to the shopping basket*  
Super-gets your brand to the households of your shoppers, even on the way to the supermarket.

**Online**  
*Give me info now*  
Household shoppers see online as a dynamic, cost up-to-date medium ideal for conveying information... not just about operation figures.

**Newspapers**  
*Your opinion shapers*  
The trust and credibility of newspapers enhance your brand value. Shoppers see newspapers as a great way of finding out how things to try and buy.

**Outdoor**  
*Added 'in-your-face-ness'*  
Short of turning parked down, Super-Driver with your name on the billboards are the ultimate attention-getters. And normally they won't get you needed - in sleep.



# Australian Radio

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H2 Performance	A\$m	Revenue (5%)	Costs 1.5%	EBIT (15%)
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- Resilient market performance in 2009
- Improved direct market share
- Mix format focus
- Key demographic 25-54
- Strengthened management team
- Fast growing Online presence
- Integrated sales solutions
- Q1 ahead / March-April positive



# New talent

- New breakfast team for Sydney's Fresh Mix positioning
- Mix Drive show of Ant and Becks for Sydney and Melbourne
- Positioning: Slightly younger, more contemporary and engaging



# New Zealand Radio

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		Revenue	Costs	EBIT
H2 Performance	NZ\$	(12%)	(11%)	(20%)

- Weak market conditions
- Improved direct share in H2 – 75% of market
- Good cost performance – more to come
- Integrated online selling
- Cross platform growth opportunities
- Market in line with pcp in Q1 / March-April positive



Hits of the 70's, 80's, 90's and Today

HAURAKI

EasyMix  
Go to 101.7

Today's Hit Music

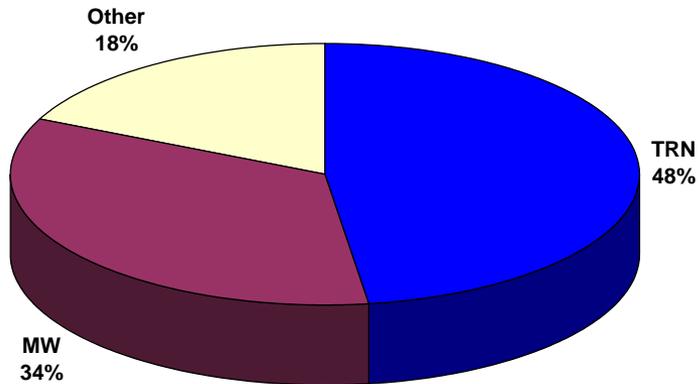
FM 104.1  
Timeless Music

RADIO  
SPORT  
Just Sport.

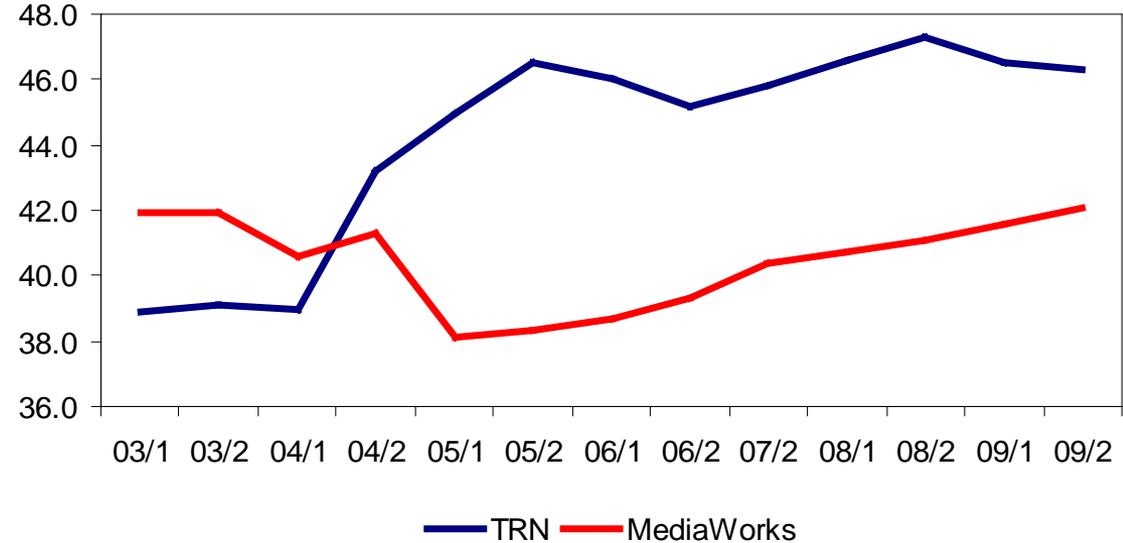
104.1  
FM 104.1

# New Zealand Radio audience share

## Auckland 10+ Audience Share



## National 10+ Audience Share

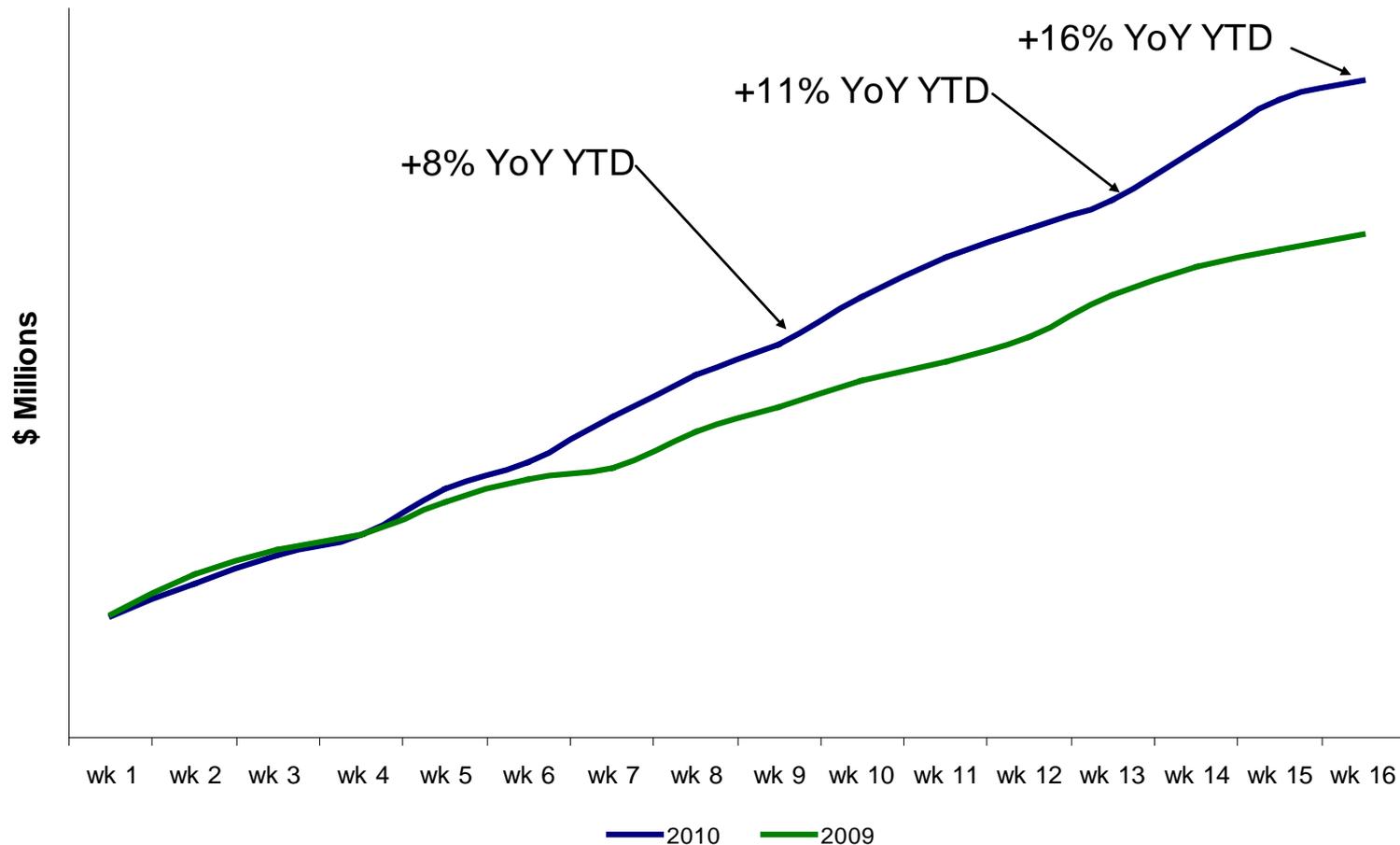


# Outdoor

		Revenue	Costs	EBIT
H2 Performance	A\$	(13%)	(6%)	(46%)

- Q4 improvement delivered 2009
- MOVE launched February 23
- Digital growth
- Malaysia disposal
- Trading year-to-date positive Q1
- Forward orders indicate better Q2

# Aust Outdoor weekly bookings (cumulative)



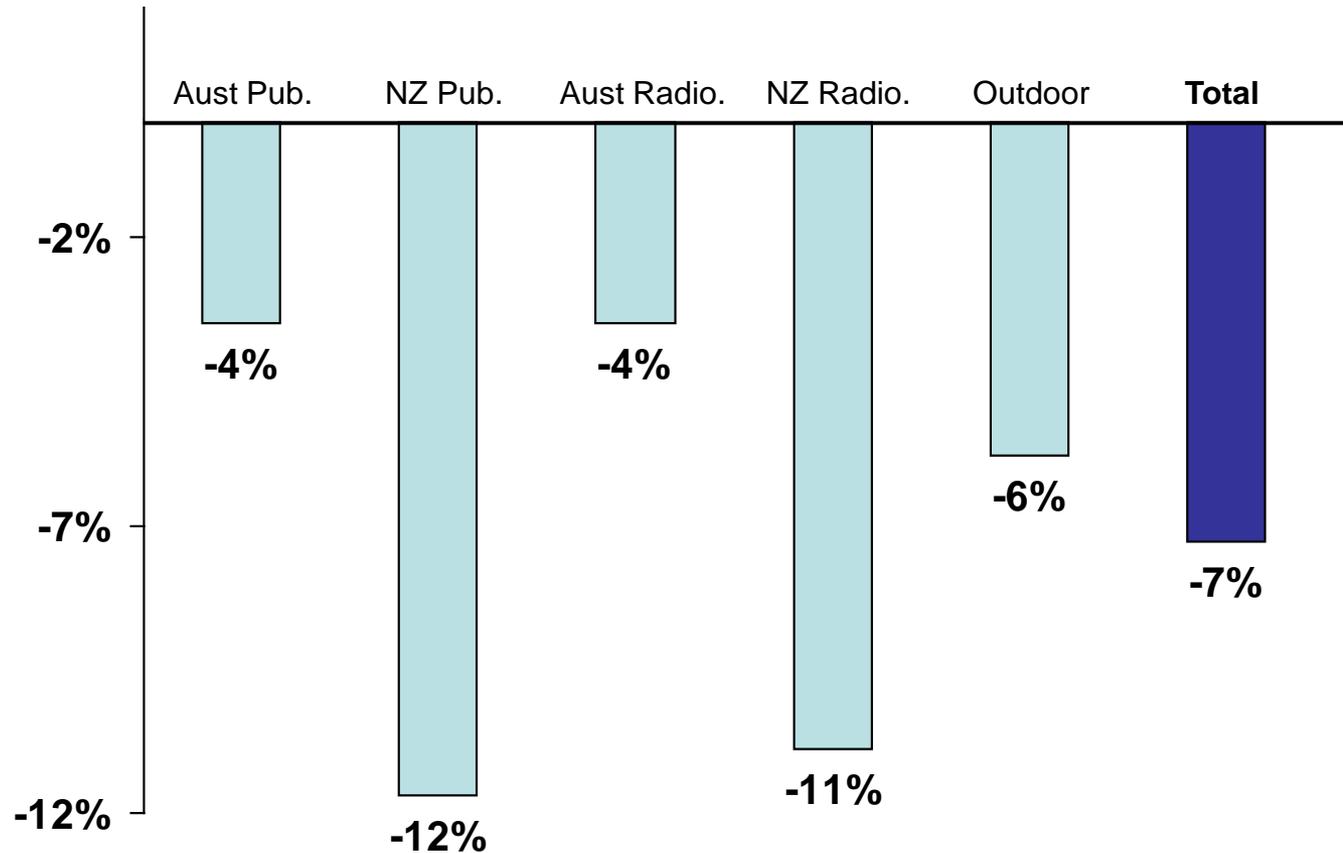
- Bookings taken by the end of the first 16 weeks of 2010 are 16% up on the same period in 2009



- 60,000 panels measured for 'Likelihood to See'
- Significant agency engagement
- Measurement = Accountability = Advertiser confidence
- Improves multi-format understanding
- Turning point in the development of the industry

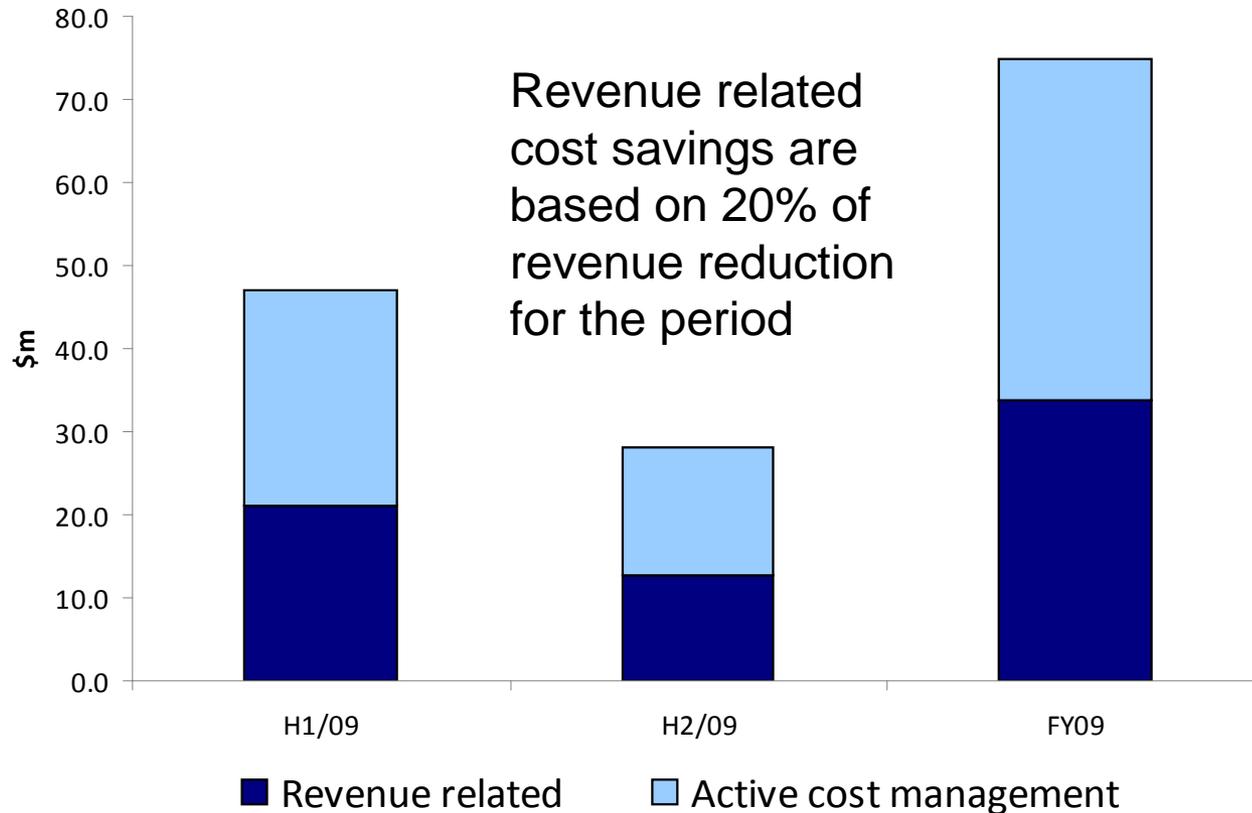
# Divisional YoY cost analysis

## Divisional Costs – Full year 2009 vs 2008



Note: Local currency basis - excludes exceptionals and discontinued businesses

# Operating leverage



- \$78m of cost savings – less than half due to revenue decline
- Direct revenue related costs about 20% - natural operating leverage remains high

# 2009 Cash Flow

AUD millions	FY 09	FY 08
Gross operating cash flow exc. exceptionals	201.3	322.3
Payments related to exceptionals	(16.4)	(37.3)
Net interest paid	(46.7)	(80.4)
Net tax paid	(18.8)	(30.7)
Capital expenditure/investment	(20.6)	(81.1)
Asset sales - exceptionals	23.6	10.2
Asset sales - other	7.4	10.7
Dividends - APN shareholders	(52.2)	(151.8)
Payments to minority interests	(28.4)	(36.4)
Share issues & other	97.2	(1.6)
<b>Total cash generated</b>	<b>146.3</b>	<b>(76.1)</b>

# Strong cashflow generation

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AUD millions

	<b>FY 09</b>	FY 08
EBITDA (pre exceptionals and discontinueds)	<b>230.2</b>	<b>320.8</b>
Operating cash flow (pre exceptionals)	<b>201.3</b>	<b>322.3</b>
% of EBITDA	<b>87%</b>	<b>100%</b>
Adjusted for Adshel	<b>89%</b>	<b>103%</b>

# Debt

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AUD millions	<b>Dec 2009</b>	Dec 2008
Gross debt	<b>783</b>	963
Cash	<b>(33)</b>	(59)
Net Debt	<b>750</b>	904

- Undrawn facilities at year-end: A\$270m
- No major debt maturing until 2011
- Net debt/EBITDA = 3.3x

# Dividends

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- Final dividend 4 cents per share
- Fully franked – one-off occurrence
- Conservative outlook

# Overview

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- Result in line with guidance
- Strong cost outcome – high operating leverage
- Q1 revenue ahead – Q2 looks better
- Publishing ahead in Australia and New Zealand
- Strong Outdoor forward orders
- Online integration progressing to plan
- Significant debt reduction
- Outlook more positive in Q2

# Outlook

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- The Directors have seen an improvement in trading in the first four months that provides continued confidence that 2010 will be a better year.
- As a leading diversified media company, APN operates in some of the most attractive markets in one of the world's best performing economic areas. With an expected return to revenue growth and a demonstrated ability to manage costs, APN is well positioned to take advantage of the improvement in trading presently being experienced.

NEWS & MEDIA

# Analyst outlook

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‘Historically, newspapers and Free to Air television give strongest leverage. Cost disciplines imposed by the downturn should magnify earnings upside.’

- Citi, 16 March 2010

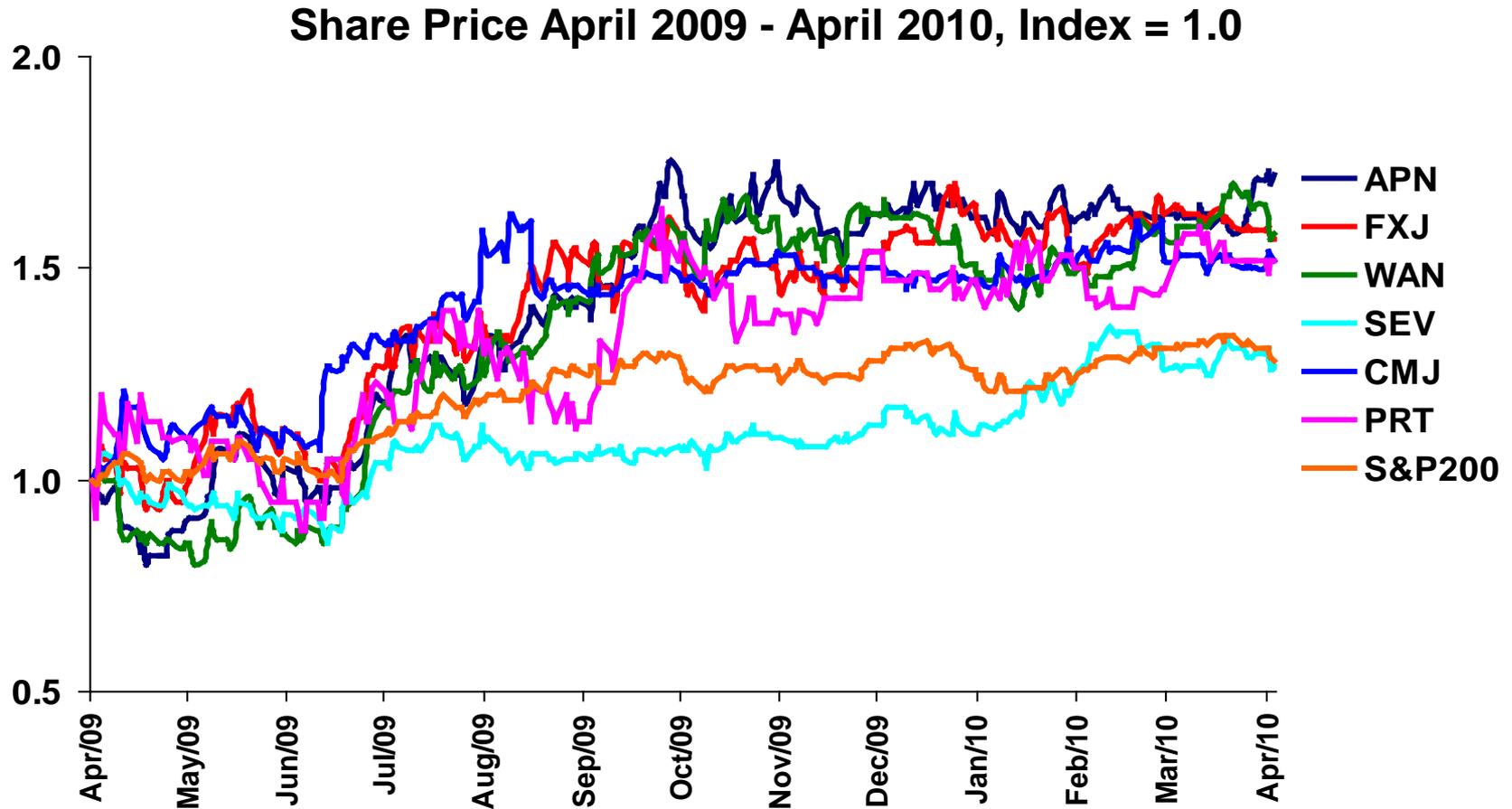
‘Newspaper advertising in particular is positioned for a strong recovery as advertising gets back more in line with the economic fundamentals.’

- RBS, 2 March 2010

‘We prefer exposure to a cyclical recovery in publishing revenues via APN ... where we see greater potential for positive earnings surprise and more attractive valuations.’

- UBS, 27 April 2010

# Share price



Source: IRESS: April 27 2009 – April 29 2010



# Annual General Meeting of Shareholders

30 April 2010