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YOUR COOL**



POSITIVE DRINKING™

**APN**



# Annual General Meeting

2 May 2012

Brett Chenoweth, Chief Executive Officer

# APN announces the following initiatives...

## Outdoor

- Successfully established APN Outdoor as a 50/50 joint venture with Quadrant Private Equity

## New Zealand Media

- Major rejuvenation program of New Zealand Media
- Strategic review of APN's media assets in New Zealand

## Digital ventures

- APN moves to 100% equity in GrabOne, number one group buying site in New Zealand
- CC Media launched in New Zealand

# Financial results for 2011

## FY 2011

AUD millions	2011	2010	change %
Revenue	1,072.4	1,059.1	1%
EBITDA*	208.9	244.3	(14%)
EBIT*	171.4	205.4	(17%)
Net profit after tax*	78.2	103.1	(24%)
Statutory net profit/ (loss) after tax	(45.1)	93.8	
Earnings per share (cents)	(7.3)	15.6	

\*Before exceptional items based on segment reporting

- In line with guidance
- Total 2011 dividend per share: 8.5 cents, of which 5 cents was franked
- Result includes H1 impairment charge of \$159m

# APN delivers on commitments for 2011

Commitment	Delivered
NPAT \$75m - \$77m	<ul style="list-style-type: none"><li>• NPAT \$78.2m*</li></ul>
EBIT \$171m - \$173m	<ul style="list-style-type: none"><li>• EBIT \$171.4m</li></ul>
Reduce publishing costs	<ul style="list-style-type: none"><li>• Targeted \$15m annualised saving, delivered \$25m</li></ul>
Reposition publishing	<ul style="list-style-type: none"><li>• New CEO in ARM and new management teams</li><li>• ARM efficiencies and 'digital first' in two markets</li><li>• NZM restructure for multi-media approach</li><li>• NZ Herald grew circulation and readership</li></ul>
Rationalise print	<ul style="list-style-type: none"><li>• 11 printing sites reduced to 8 sites</li></ul>
Expand outdoor	<ul style="list-style-type: none"><li>• APNO outperformed market, EBIT up 31%, major contract wins</li><li>• Joint venture with Quadrant Private Equity</li></ul>
Grow radio	<ul style="list-style-type: none"><li>• ARN markets up 0.9%, ARN up 5%</li><li>• TRN market up 2.0%, TRN up 4%</li></ul>
Invest in digital	<ul style="list-style-type: none"><li>• GrabOne clear market leader NZ</li><li>• Acquired CC Media and Jimungo</li><li>• More than doubled digital revenues to \$33.7m</li></ul>

\*Before exceptional items based on segment reporting



**australian regional  
media**

# Relentless focus on operational execution

In 2011, new CEO and management team re-engineered operating model to deliver sustainable cost reductions through

- Increasing productivity in commercial teams
- Improving efficiency of editorial and pre-press
- Closing printing operations (Mackay, Bundaberg)

'Digital first' approach in Tweed Heads and Coffs Harbour, early signs encouraging

In 2012, continue strategy to optimise profitability of core business

- Product innovation including new digital products and multi-media advertising solutions
- Substantial cost reductions
- Further centralisation and outsourcing non-core activities
- Established APN News Desk and creative agency 8AM

# The New Zealand Herald

WORLD CHAMPIONS

SPECIAL EDITION

**SWEET  
MERCII!**

new zealand media



# Major strategic reviews to rejuvenate & reposition

In 2011, cumulative affect of economic conditions, earthquakes and weak consumer confidence had a material impact

- Remediation included \$10m in annualised savings, centralised advertising booking (production headcount down by 35% 2009 to 2011), closure of printing site
- Brand and audience strong and growing. NZM brand audience 2.6m each week. The New Zealand Herald brand audience across all platforms 1.3m people each week
- Strengthened management team with multi-media focus, launched APNZ

In 2012, challenging conditions continue prompting urgent initiatives to remove complexity, improve efficiency and increase variability of cost base. Two major strategic reviews

- Major rejuvenation program to reposition NZM – compact format, modular advertising, conversion of regional newspapers, operational re-engineering
- Strategic review of APN media assets in New Zealand



radio

# ARN is building momentum in ratings & share

In 2011, ARN revenue growth (up 5%) outperformed its markets (up 0.9%)

- Final survey for 2011
  - ARN improved to #1 for 25-54 years in Adelaide and #2 in all other markets
  - Mix 102.3 was #1 in Adelaide and 97.3 was #1 Brisbane
  - market share among 25-54 years highest since 2008
- Product innovation included '3pm Pick Up' and 'Mix 90s' the first commercially focused in store digital radio with Chemist Warehouse

In 2012, continue to increase market share and win in our target market age 25-54 years

- Launched three new breakfast shows and two locally focused drive shows
- Attracting top talent - Tim Ross (Rosso), Chrissie Swan, Sami Lukis
- Q1 market share up from 20.4% in 2011 to 22.1% in 2012

# TRN has three of the top five national networks

In 2011, TRN revenue growth (up 4%) double market revenue growth (up 2%)

- Newstalk ZB remains #1 national network. Now simulcast in FM and AM in eight major markets increasing audience
- TRN continues to have three of the top five national networks
- TRN launched eight new radio websites with improved interactivity and greater social media connections and four new phone apps
- implementation of digital strategy - increases in online engagement (UB's up 21%), social connections (Twitter up 600%) and online revenue (up 38%)

In 2012, focus is to

- Improve share in the key 25-54 demographic
- Grow direct revenue
- Increase digital revenues and provide integrated client solutions



COLDPLAY  
ALBUM OUT NOW

HOTEL

YOUNG AND JACKSON

EST.

187

YOUNG

AND

JACKSON

YOUNG & JACKSON

PRINCES BRIDGE HOTEL

outdoor

# Driving growth and digital innovation

In 2011, APN's outdoor division outperformed the market in all major categories

- Australia - Strong year for winning new contracts (Main Roads, Top Ryde external, Perth airport internal) as well as major renewals (WA buses, Rail Corp, City Link, Perth airport external)
- New Zealand - Completed integration of OGGI
- Adshel - Significant win with the Yarra Trams contract. "Create" initiative provided interactive and digital solutions. Yield management improvements
- Asia - Achieved double digit revenue growth in Indonesia and Hong Kong, further rollout of Webus Hong Kong and Webus apps. Solid billboard growth in Hong Kong

In 2012, continue to drive growth agenda

- APN Outdoor established as a 50/50 joint venture with Quadrant Private Equity
- Focus on digital innovation and opportunities in selected growth markets in Asia

# APN Outdoor joint venture with Quadrant complete

Retains the name APN Outdoor

- Ownership 50% APN and 50% Quadrant Private Equity
- Incorporates APN's wholly-owned outdoor businesses and 50% interest in Rainbow Premium Outdoor, Indonesia
- Excludes Adshel and Hong Kong joint ventures with Clear Channel

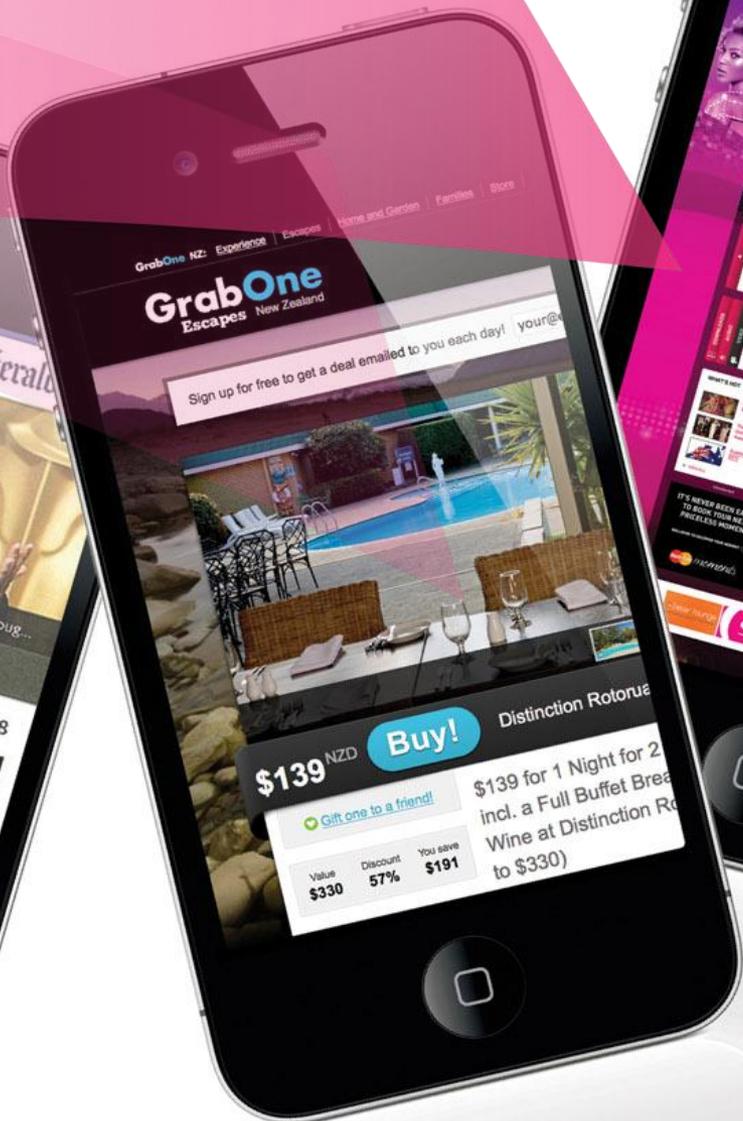
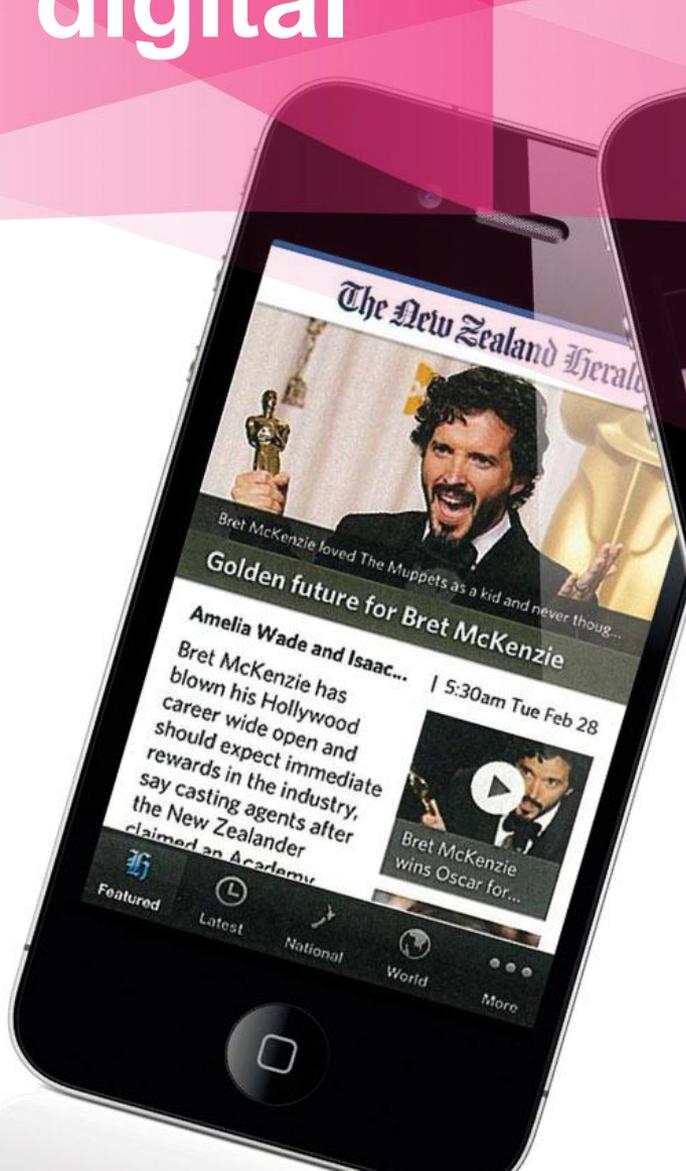
Quadrant has subscribed for an equity interest in APN Outdoor which values it at \$272 million on an enterprise value basis

- Represents an EV/2011 EBITDA multiple of 7.7x
- Transaction has generated gross cash proceeds of approximately \$190 million for APN

Transaction proceeds will be used to

- Invest in outdoor and other growth initiatives
- Maintain financial flexibility and sound capital structure
- Reduce corporate debt

# digital



# Strategic investments, accelerating performance

## Digital ventures portfolio

- Investment in GrabOne, CC Media, Jimungo and co-investment with Pollenizer
- GrabOne leads NZ with approximately 70% market share. APN GrabOne equity now 100%
- CC Media's digital retail distribution network with 6m UVs per month in Australia. Now launched in New Zealand
- Multiple acquisition and partnership options in advanced negotiations
- Grow ventures with a focus on revenue and EBIT

## Digital capabilities in core assets

- Focus on mobile, video, search & social, emerging products, data analytics, ad products
- Centralised capabilities have strongly contributed to digital achievements across APN, including more than doubling APN digital revenues to \$33.7m in 2011
- Accelerate digital revenue and earnings momentum across the group

# Summary

We are transforming APN to become a high growth media company, by optimising core assets and making portfolio shaping transactions.

In 2011, natural disasters had a material impact. APN made substantial changes to remediate and improve immediate performance as well as reposition for growth.

In 2012, we intend to deliver another year of progress

- Operational turnaround for ARM, rejuvenation program for NZM and strategic review of APN assets in New Zealand
- Build on positive momentum in radio and win in the key 25-54 demographic
- Continue to drive growth and innovation in outdoor
- Accelerate digital revenues and earnings, through measured strategic investments and growing current assets

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