



NEW ZEALAND
MEDIA AND
ENTERTAINMENT

Full Year 2017 Results Presentation

22 February 2018

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SARAH, SAM & TONI

SWITCH IT UP WEEKDAYS 6 – 9AM



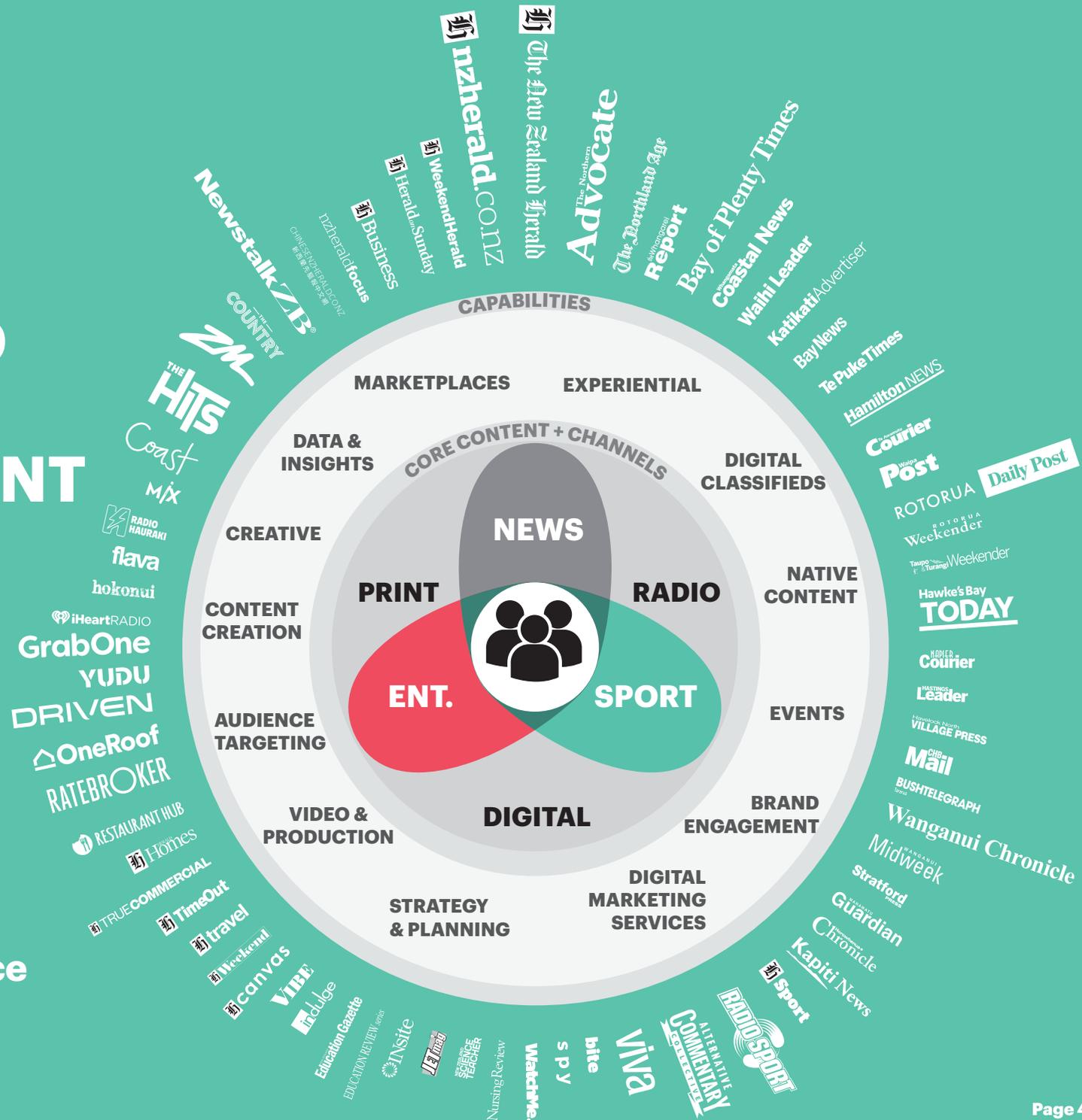
AGENDA

- 06 Results Summary**
& Achievement of Operational Priorities
- 10 Channel Results**
Print, Radio & Experiential, Digital & e-Commerce
- 20 Financials**
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NZME.

A LEADING NEW ZEALAND MEDIA AND ENTERTAINMENT BUSINESS

NZME offers advertisers a unique opportunity to access a growing audience via its fully integrated multi-platform brands.



NEW ZEALAND 2017 GENERAL ELECTION

NZME'S MULTI-PLATFORM CONTENT DISTRIBUTION



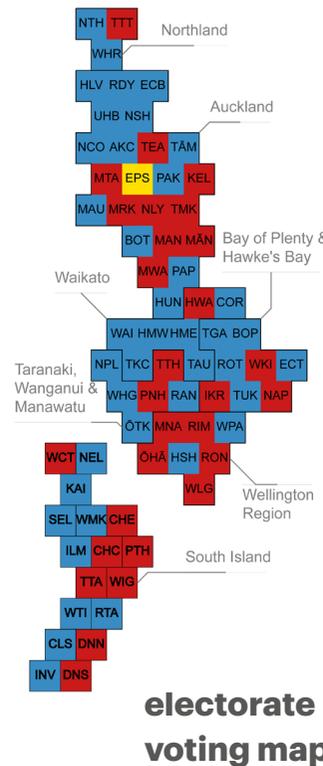
LIVE BROADCAST LEADERS' DEBATES

Pre-election campaign coverage:

- The PM Job Interview: Bill English and Jacinda Ardern grilled live by our panel of experts
- Expert analysis from NZ Herald, Newstalk ZB political teams and former MPs'
- Election 2017: "The Great Together" podcast
- Online interactive feature allowed voters to compare main parties' campaign policies



EXPLORE ELECTORATE RESULTS



Election night live stream:



Over 470k views across Digital and social channels¹

5 HOURS OF LIVE TV

Broadcast from NZME and Party HQs



Day after the election:

- Second best day for nzherald.co.nz in 2017
- 1.2m+ unique browsers, 55% above usual traffic¹

OVER 3.8M UNIQUE BROWSERS | OVER 16.7M PAGE VIEWS | OVER 1M 33 SECS PER AVERAGE SESSION¹

(1) Nielsen Market Intelligence September 2017

NZME FY17 RESULTS SUMMARY



(1) The FY16 Statutory NPAT of \$74.5m was impacted by the demerger from HT&E (formerly APN), discontinued businesses and tax payments, and is therefore not comparable with the FY17 result as explained in the Supplementary Information on pages 30-34. (2) All Trading and Pro forma measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 30-34. (3) A supplementary dividend of 1.06 cents per share will be payable to shareholders who are not tax resident in New Zealand and who hold less than 10% of the shares in NZME Limited.



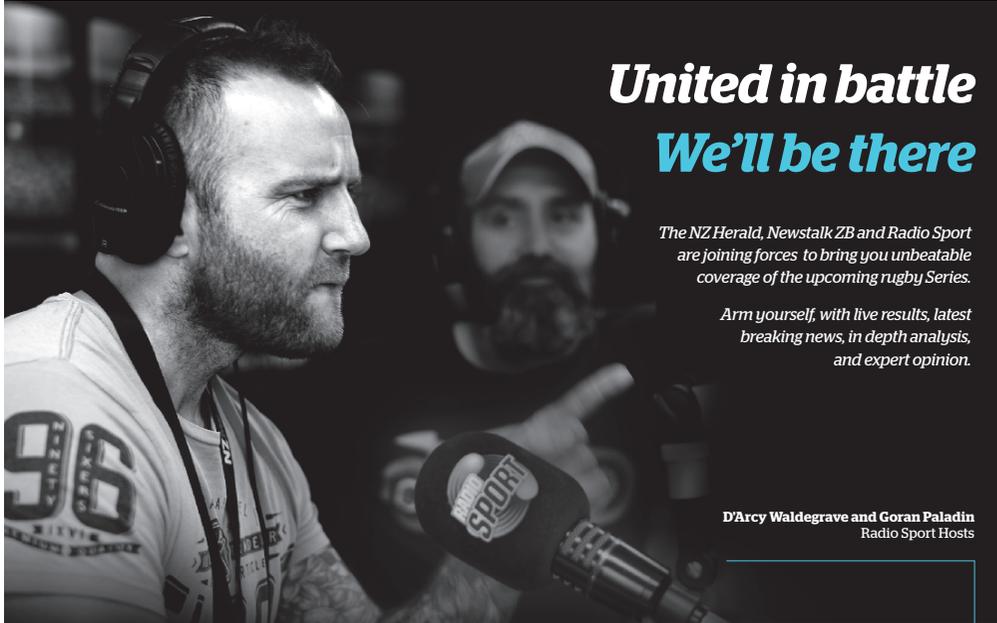
We've been here before
We've shared the battle
We've heard that roar

The NZ Herald, Newstalk ZB and Radio Sport are joining forces to bring you unbeatable coverage of the upcoming Series.

Arm yourself, with live results, latest breaking news, in depth analysis, and expert opinion.

Greg Bowker
NZ Herald Photographer

   **THEY'RE COMING: ARM YOURSELF.**



United in battle
We'll be there

The NZ Herald, Newstalk ZB and Radio Sport are joining forces to bring you unbeatable coverage of the upcoming rugby Series.

Arm yourself, with live results, latest breaking news, in depth analysis, and expert opinion.

D'Arcy Waldegrave and Goran Paladin
Radio Sport Hosts

   **THEY'RE COMING: ARM YOURSELF.**



Our wisdom is our strength
The team is our courage

The NZ Herald, Newstalk ZB and Radio Sport are joining forces to bring you unbeatable coverage of the upcoming Series.

Arm yourself, with live results, latest breaking news, in depth analysis, and expert opinion.

Patrick McKendry and Gregor Paul
The New Zealand Herald

   **THEY'RE COMING: ARM YOURSELF.**



We'll be there
Come, join us

The NZ Herald, Newstalk ZB and Radio Sport are joining forces to bring you unbeatable coverage of the upcoming rugby Series.

Arm yourself, with live results, latest breaking news, in depth analysis, and expert opinion.

Laura McGoldrick
NZ Herald Focus Host

   **THEY'RE COMING: ARM YOURSELF.**

NZME FY17 ACHIEVEMENT OF OPERATIONAL PRIORITIES

- 1. Continued audience growth** of 2% YoY to more than 3.2m¹ driven by growth in NZ Herald Digital audience and Radio listeners
- 2. Print advertising revenue trends improved** compared to FY16 and subscriber revenue retained
- 3. Radio revenue returned to growth** in Q4 17, benefiting from sales team integration, talent and content enhancements
- 4. Digital outperformed the market** with revenue growth of 18% YoY. **Digital classifieds** in property, employment and motoring ready to launch in Q1 18
- 5. Cost savings of 5%** achieved YoY², capital investment contained
- 6. Engagement improved and talent developed** across Newstalk ZB, The Hits, Coast and ZM
- 7. Merger progressed** with appeal of High Court decision underway



(1) Nielsen CMI, November 2017 fused database: Q4 16 to Q3 17 (population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels. (2) FY16 NZME costs per the statutory accounts have been adjusted for \$4.3m of standalone costs incurred in H1 17, divested, acquired and reclassified items to provide a like for like comparison, as explained in the Supplementary Information on pages 31-33.

nzherald.co.nz

YOU'VE CHANGED

SO HAVE WE

Over 60% of you read the news on your phone.

So we redesigned the Herald site with mobile in mind - with dynamic content, larger imagery, and bite-size summaries to keep you up-to-date while you're on the move.

DISCOVER MORE WITH YOUR NEW nzherald.co.nz

nzherald.co.nz

YOU'VE CHANGED

SO HAVE WE

You said your life was busier - that you had less time to read the news.

So we redesigned the Herald site to give you an instant snapshot of what's going on, right now - with bite-size summaries, intuitive navigation, and faster loading speeds.

DISCOVER MORE WITH YOUR NEW nzherald.co.nz

nzherald.co.nz

YOU'VE CHANGED

SO HAVE WE

You told us you're often overwhelmed by information.

So we redesigned the Herald site to highlight the top stories of the hour, with a simpler structure and clearer signposting to the issues that matter most to you.

DISCOVER MORE WITH YOUR NEW nzherald.co.nz

nzherald.co.nz

YOU'VE CHANGED

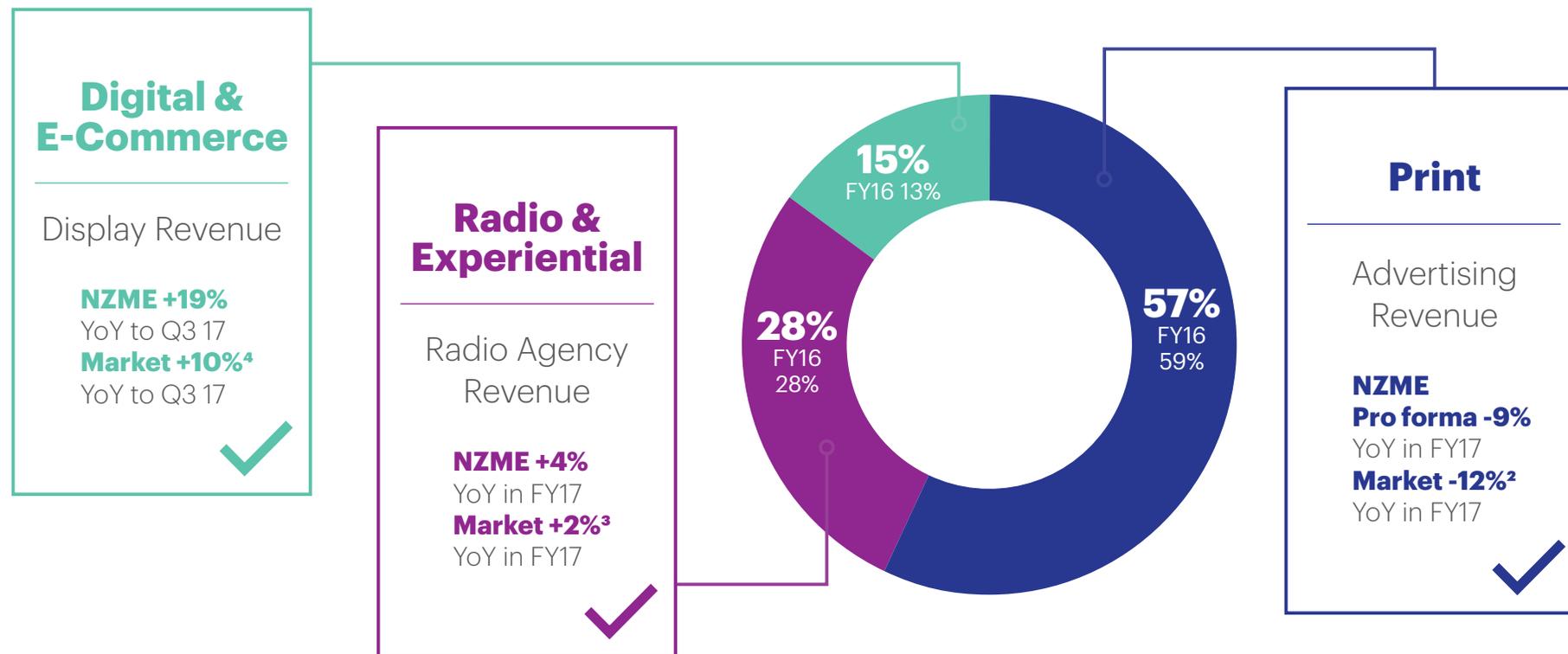
SO HAVE WE

You told us you wanted to broaden your horizons.

So we redesigned the Herald site with enhanced navigation, a clearer interface, and pointers to in-depth stories and opinion pieces - deepening your understanding across a wider range of topics.

DISCOVER MORE WITH YOUR NEW nzherald.co.nz

WE CONTINUE TO EXCEED MARKET GROWTH IN ALL MEASURABLE SEGMENTS



Pro forma Revenue¹

- Print
- Radio & Experiential
- Digital & e-Commerce

NZME Pro forma Revenue ¹ Summary (\$m)	FY17	FY16	% Change
Print Revenue	221.3	237.7	(7%)
Radio & Experiential Revenue	110.1	114.8	(4%)
Digital & e-Commerce Revenue	56.3	52.2	8%
Total Pro forma Revenue¹	387.7	404.7	(4%)

(1) Pro forma Revenue is a non-GAAP measure that is explained and reconciled in the supplementary information on pages 30-34. (2) PwC NPA Quarterly Performance Comparison Report Q4 2017. (3) SMI New Zealand Agency Advertising Expenditure Report December 2017. (4) IAB / PwC New Zealand Q3 2017 Interactive Advertising Spend Report; digital excluding classifieds, search and directories, and social media (NZ market only).

NZME'S REACH CONTINUES TO GROW AND CROSS-POLLINATE

Up 2% YoY, 3.2 million¹ New Zealanders read, watch, listen to or otherwise engage with our brands

NZME reaches:



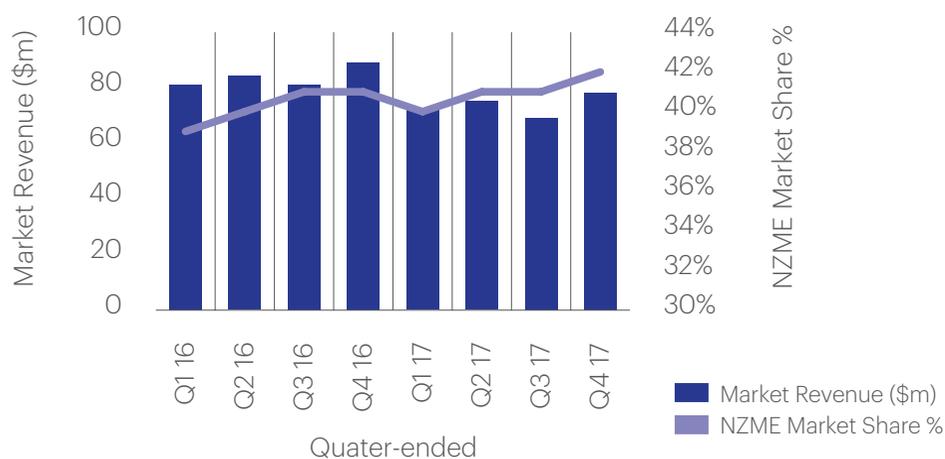
Our growing national and local presence allows us to offer advertisers broader access to their target markets through our integrated multi-platform presence

(1) Nielsen CMI, November 2017 fused database: Q4 16 – Q3 17 (population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels.

NZME PRINT

NZME Print Revenue (\$m)	FY17	FY16	% Change
Advertising Revenue	121.0	132.7	(9%)
Circulation Revenue	83.3	86.1	(3%)
Other Revenue	17.0	18.9	(10%)
Total Pro forma Revenue¹	221.3	237.7	(7%)
Revenue from Divestments ²	-	2.6	(100%)
Total Trading Revenue²	221.3	240.4	(8%)

Total Print Advertising Market Revenue and NZME Share %³

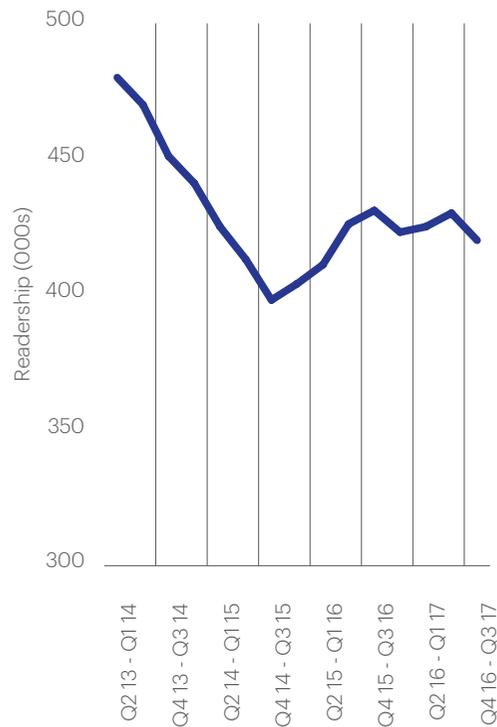


- Print advertising revenue decline slowed relative to 2016 despite a challenging Q3. Q3 reflected reduced spending ahead of the NZ general election in September 2017 and a slowing property market.
- Outperforming market revenue trends led to a YoY increase in Print advertising revenue market share to 42%³.
- Circulation revenues down due to retail volume declines, partially offset by cover price increases across the majority of titles in Q4.
- Stability maintained in the subscriber component of circulation revenue.
- Other revenue represents printing and distribution services provided to external parties, which decreased due to volume reductions.

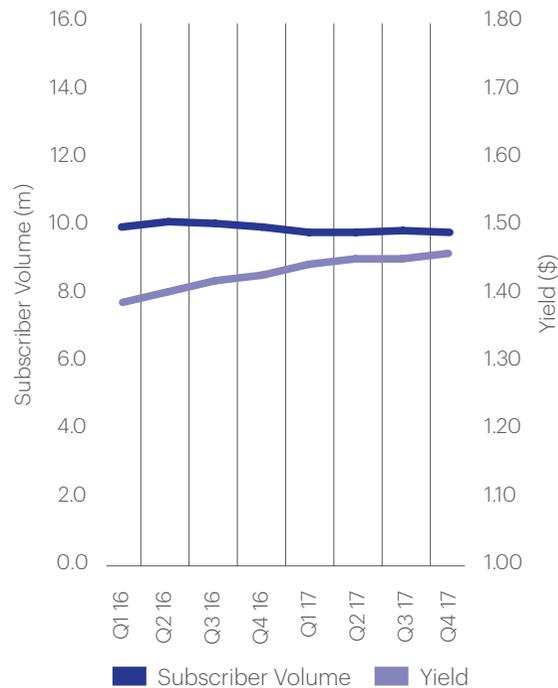
(1) FY16 Pro forma Revenue is a non-GAAP measure that is explained and reconciled in the supplementary information on pages 30-34. (2) Trading Revenue for FY16 includes revenue from divestments including the Wairarapa Times Age sold in June 2016 (FY16 \$2.3m), and Whakatane News sold in August 2016 (FY16 \$0.3m). (3) PwC NPA Quarterly performance comparison report Q1 2016 – Q4 2017.

PRINT READERSHIP AND SUBSCRIBER REVENUES RETAINED

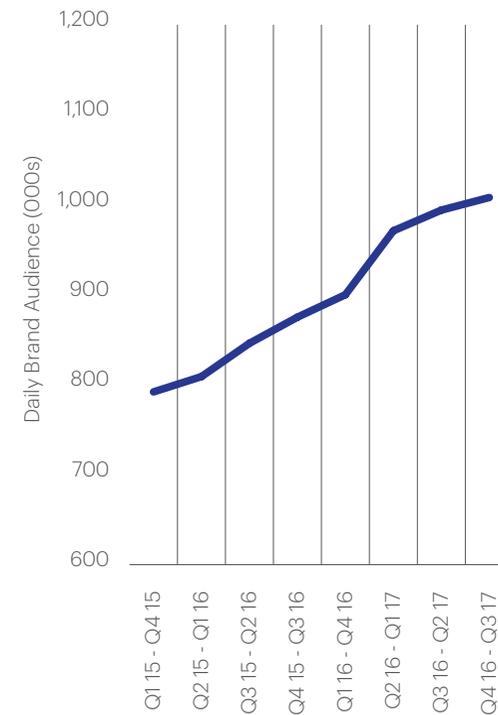
The NZ Herald Mon-Sat Average Issue Readership¹



NZME Subscriber Volume and Yield²



NZ Herald Daily Brand Audience³



- NZ Herald average issue readership relatively stable since 2015¹.
- Subscriber revenue flat YoY, with volume declines offset by yield increases.
- Outperformed market in retaining circulation volumes with a decline in circulation of 5% from Q4 16 to Q3 17, compared to 7% for the market⁴.
- Daily NZ Herald brand audience (including digital) passed 1 million for the first time in Q3 17³.

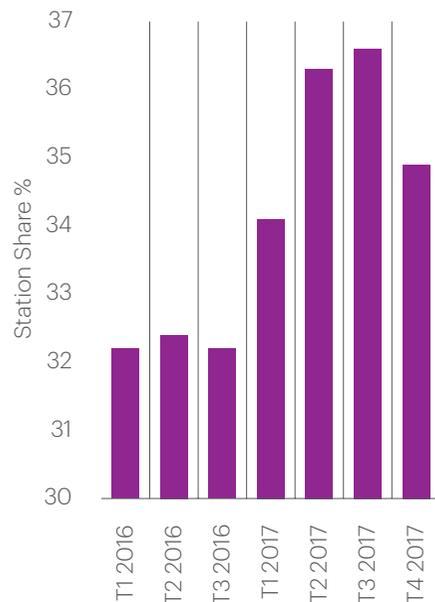
(1) Nielsen CMI, NZ Herald AIR trend. AP15+. (2) Subscriber volume drives revenue and represents the count of individual "paid" papers delivered, including the NZ Herald, Herald on Sunday and Regionals (includes paid trials). Subscriber yield includes promotional volumes. (3) Nielsen CMI Q4 2016 – Q3 2017. AP15+. (4) New Zealand Audit Bureau of Circulation, Average Net Circulation (includes directed circulation and free copies). Trended from 31/12/2016 to 30/09/2017. Daily, Weekly and Non-Daily Newspapers excluding Community titles.

NZME RADIO & EXPERIENTIAL

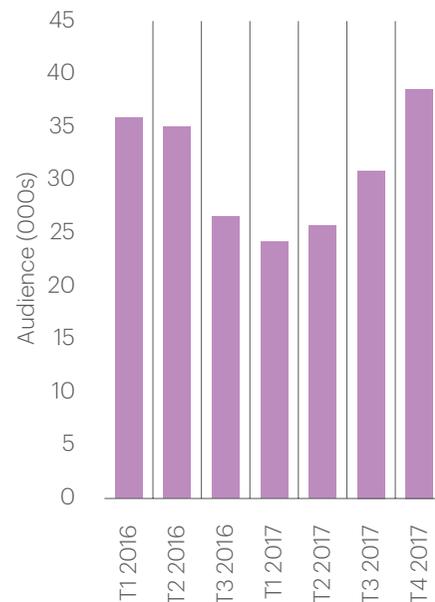
NZME Radio & Experiential Revenue (\$m)	FY17	FY16	% Change
Radio & Experiential Revenue ¹	103.7	108.7	(5%)
Other Revenue (incl. iHeart and Events)	6.4	6.2	4%
Total Revenue	110.1	114.8	(4%)

- Positive growth in audience immediately reflected in agency revenue, however, direct market slower to respond.
- Operational initiatives included a nationwide sales team transformation and the implementation of the new CRM system and suite of sales tools, both completed in H2.
- Total revenue returned to growth in Q4 supported by these operational and content initiatives, however yet to realise full year benefits.

NZME Major Markets 18-54 y/o Station Share²



The Hits Auckland 25-54 y/o 6-9am Weekly Cumulative Audience³



- Growth in key 18-54 y/o demographic major market share of 2.7%² YoY. *Newstalk ZB* retained highest station market share nationally, also winning a number of other key categories⁴, *The Hits* with Sarah, Sam & Toni grew their audience in every survey since launching in 2017³.
- *iHeartRadio* registered users up 35% YoY to over 700,000, now reaching over 17% of NZ's 10 plus population. 30% YoY growth in *iHeartRadio* streams across all stations.

(1) Radio & Experiential Revenue includes agency, direct and experiential revenue streams. (2) GfK Radio Audience Measurement, Commercial Stations. NZME & Partners in Major Markets (top 13 markets). Trended till T4/2017. Station Share %. Mon-Sun 12mn-12mn, 18-54. (3) GfK Radio Audience Measurement, The Hits Auckland, trended till T4/2017. Cumulative Audience. Mon-Fri 6am-9am, 25-54. (4) GfK Radio Audience Measurement. Total NZ Survey, NZME & Partners. Trended till T4/2017. Cumulative Audience. Mon-Sun 12mn-12mn, All 10+.

ENHANCEMENTS IN COVERAGE, TALENT AND CONTENT TO SUPPORT AUDIENCE AND REVENUE GROWTH

1. Expansion of Radio footprint

- Modest investment in new frequencies, providing coverage in the Coromandel region and delivering an attractive payback as integrated with existing assets.
- Incremental population of c.40,000 (represents 2% of NZME's current Radio audience¹).
- Launched *The Hits* in the Coromandel (3 new frequencies) and *Coast* in Whangamata in December 2017.

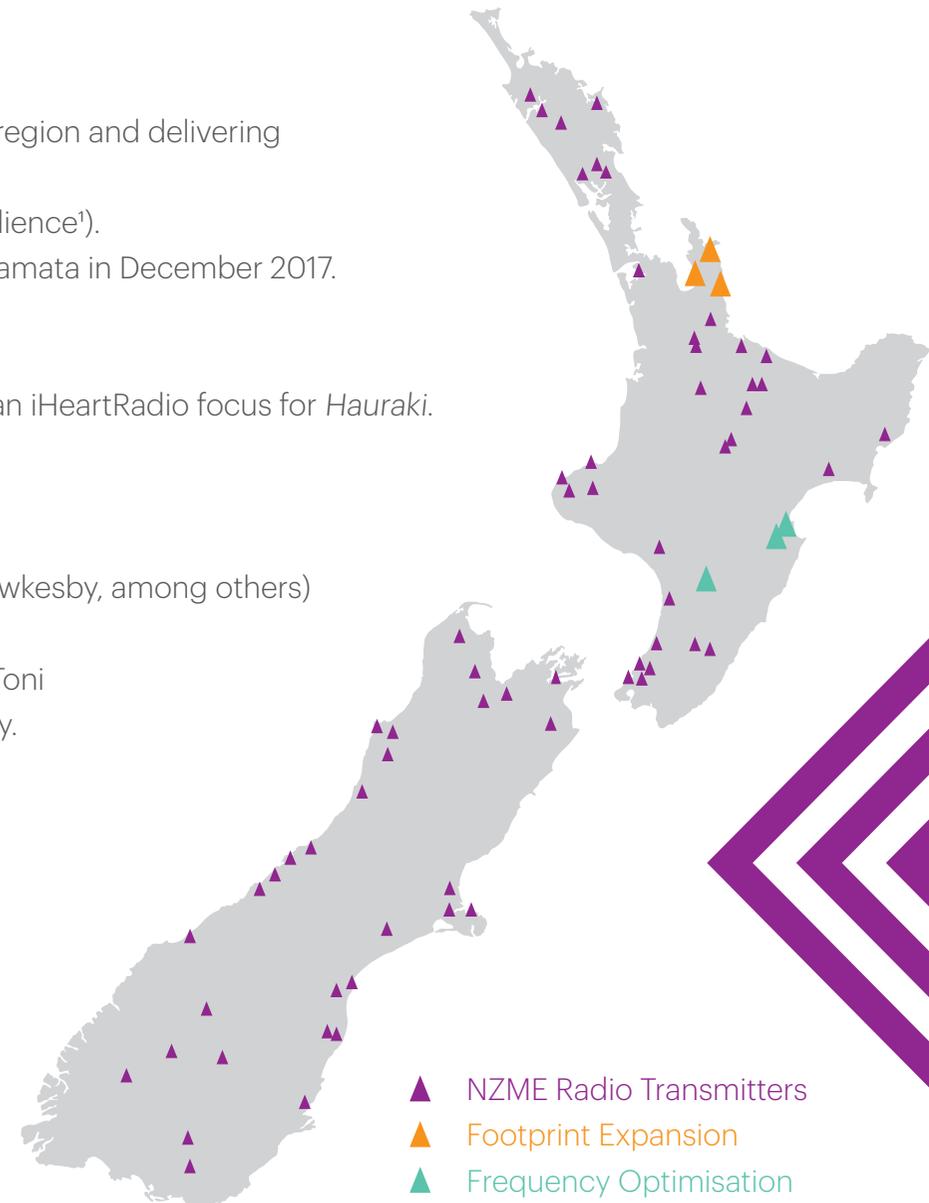
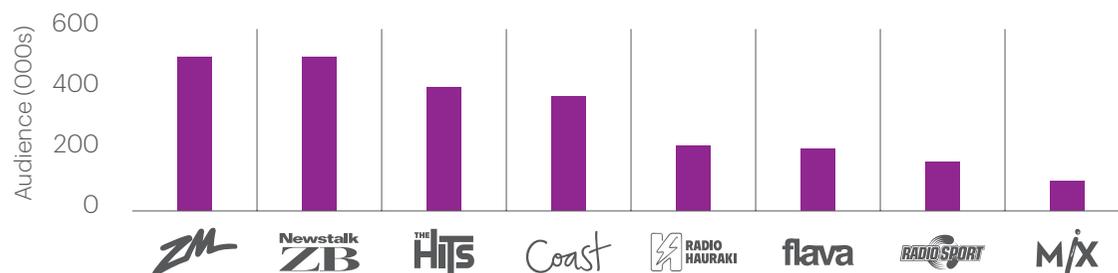
2. Optimising frequency utilisation

- Manawatu: *Coast* added FM frequency in addition to its AM frequency, trialling an iHeartRadio focus for *Hauraki*.
- Hawkes Bay: *Coast* switched with *Hauraki* from AM to FM.

3. Talent and content enhancements

- *Newstalk ZB* refresh underway including new talent (Simon Barnett and Kate Hawkesby, among others) to drive audience and revenue growth.
- Capitalising on *The Hits*' successful talent changes by extending Sarah, Sam & Toni across the North Island, and a new local show in Christchurch with Brodie & Fitzy.

NZME Radio Station Total NZ All 10+ Weekly Cumulative Audience¹

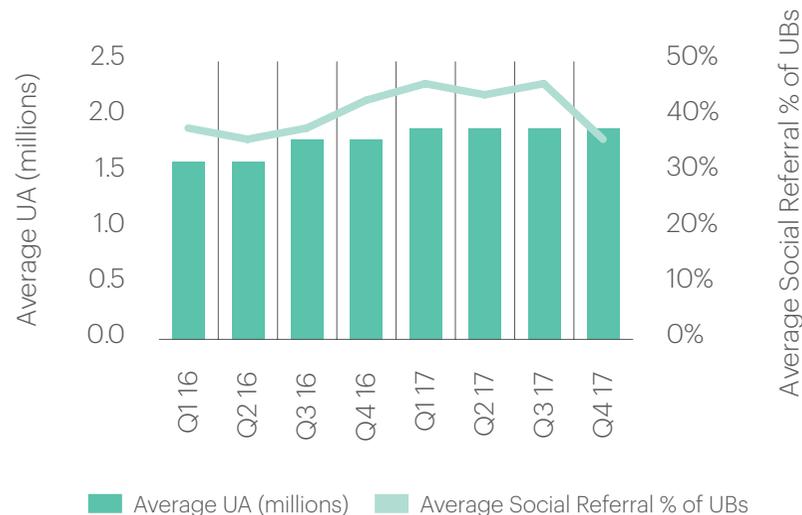


(1) GfK Radio Audience Measurement. Total NZ Survey, NZME & Partners. Trended till T4/2017. Cumulative Audience. Mon-Sun 12mn-12mn, All 10+.

NZME DIGITAL & E-COMMERCE

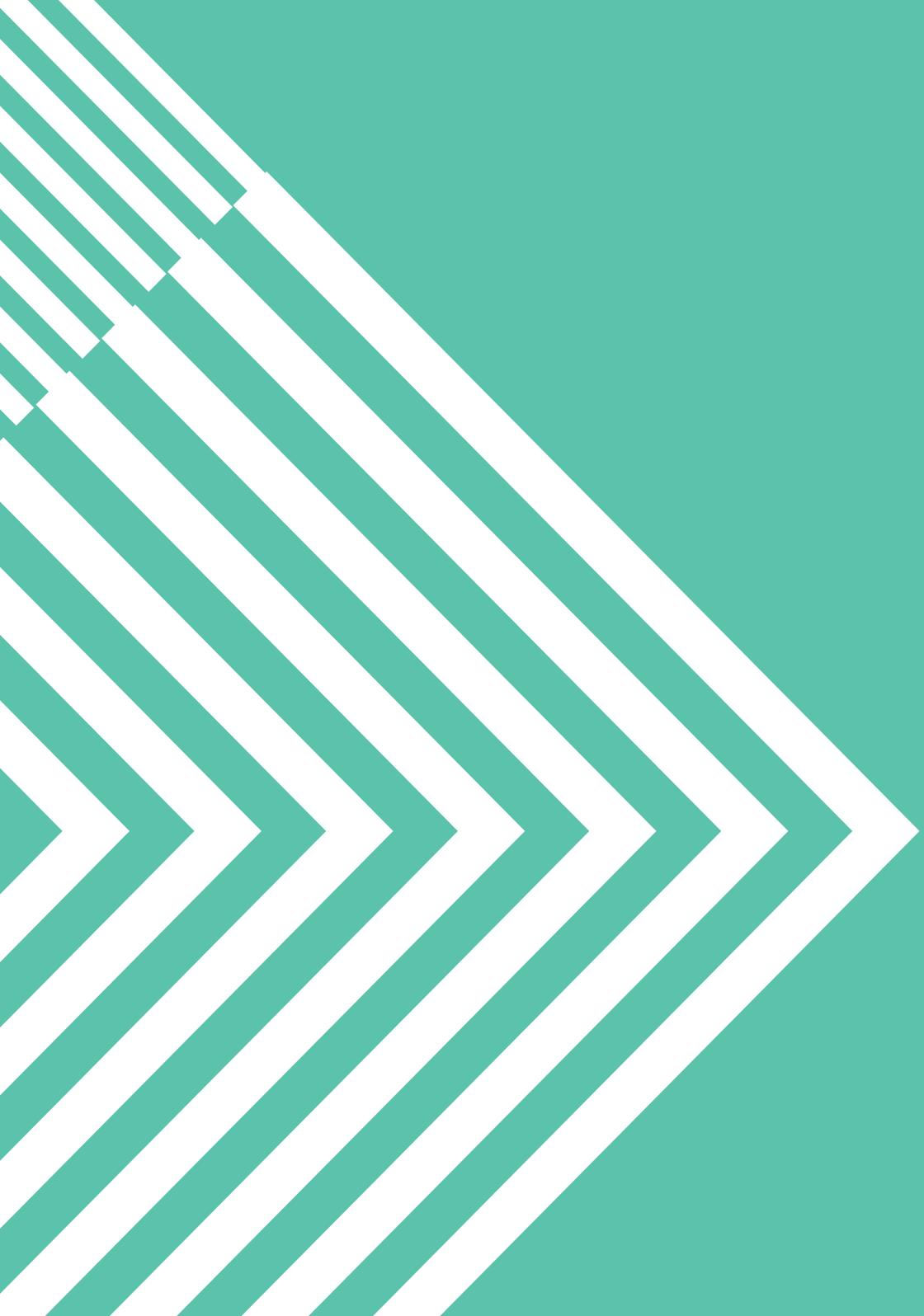
NZME Digital & e-Commerce Revenue (\$m)	FY17	FY16	% Change
Digital Revenue	44.9	38.2	18%
e-Commerce Revenue	11.4	14.0	(18%)
Total Revenue	56.3	52.2	8%

nzherald.co.nz Average Monthly Unique Audience¹ & % UB Social Referrals²



- Digital revenue growth across all products with mobile, video and programmatic being the largest drivers. Washington Post arc software implemented during the year, providing enhanced content management and monetisation opportunities.
- Native video stream growth of 38% YoY³ assisted by *NZ Herald Focus* regularly hitting more than 1.5 million views a week across all platforms².
- *nzherald.co.nz* monthly unique audience up 12% YoY¹. Q4 17 saw a further increase in direct traffic, reducing reliance on social referrals, allowing improved engagement and monetisation opportunities.
- Continued emphasis on new product development including podcasts and Amazon Alexa skills.
- *GrabOne* (e-Commerce) revenues down 18% YoY, however trends improved in Q4 17, including traffic growth of 9% YoY for the quarter⁴ through improved relevancy targeting.

(1) Nielsen Online Ratings, Domestic Unique Audience, 2016 - 2017. (2) Nielsen Market Intelligence. Average weekly UB's 2017 vs 2016. Note: Social referrals from site, excluding App, across mobile, tablet and desktop. Includes all social networks. (3) Brightcove Analytics January 2016 - December 2017. Native = viewed on an NZME platform. (4) Nielsen Market Intelligence. Average weekly UB's 2017 vs 2016.



DIGITAL INITIATIVES

DRIVEN



FUEL YOUR PASSION

YUDU

**WE'RE ALL
ABOUT
WHAT YUDU**



All things property,
under OneRoof



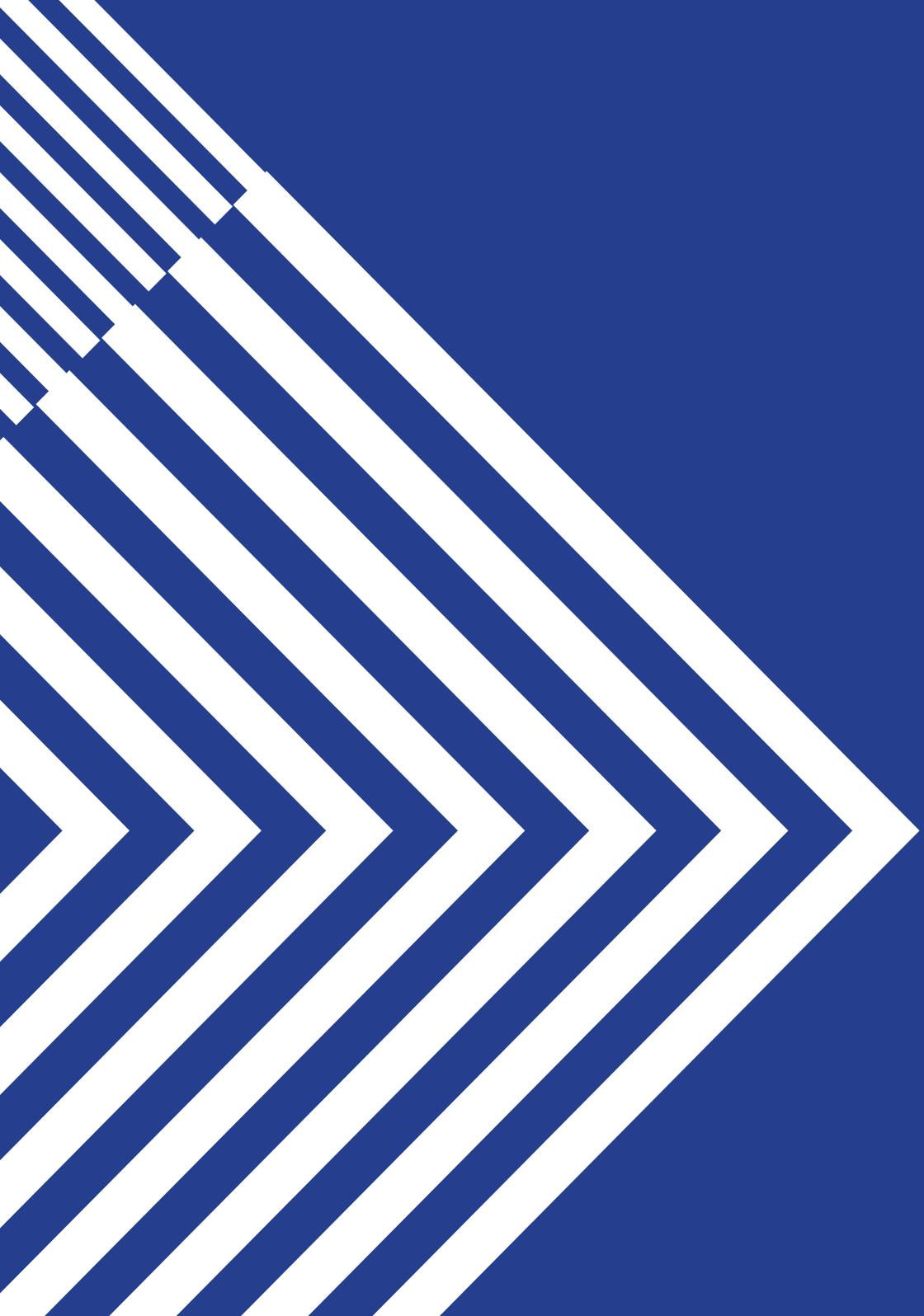
DRIVEN

YUDU

OneRoof

	“Fuel your Passion”	“We’re all about what YUDU”	“All things property, under OneRoof”
Market opportunity	<ul style="list-style-type: none"> TradeMe 2017¹: \$64 million TradeMe listings³: 80,000 	<ul style="list-style-type: none"> TradeMe¹ 2017: \$28 million Seek 2017²: \$36 million Seek listings³: 22,000 	<ul style="list-style-type: none"> TradeMe 2017¹: \$34 million realestate.co.nz: \$ unknown realestate.co.nz listings³: 38,000
NZME’s competitive advantage	<ul style="list-style-type: none"> Access to NZME's growing audience of over 3.2 million New Zealanders⁴ Leveraging NZME’s core content capabilities across text, video and audio Cross-platform bundling opportunities Innovative user experience Data insights and analytics Leveraging strong industry relationships 		
	<ul style="list-style-type: none"> Unique tools for buyers and sellers 	<ul style="list-style-type: none"> Targets active and passive candidates Championing the candidate 	<ul style="list-style-type: none"> Needs based search Integrated data insights Lead generation for agents Partnered with experienced real estate technology provider⁵
Monetisation	<ul style="list-style-type: none"> Premium listing upsells, carousels and sponsorships Video and branded native content Cross-platform sales packages Dealer/company/agent profile pages Subscriptions 		
When do we launch?	All launching in Q1 18		

(1) TradeMe Limited Year end results presentation, 24 August 2017. (2) Seek Limited 2017 Annual Report. (3) Listings as at February 2018. (4) Nielsen CMI, November 2017 fused database: Q4 16 to Q3 17 (population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME’s digital channels. (5) OneRoof is a joint venture between NZME (80% share) and the builder and operator of the digital platform (20% share). The entity is fully consolidated in NZME accounts.



FY17 FINANCIALS

NZME TRADING RESULT

NZME Trading Result¹ (\$m)	FY17	FY16 Pro forma¹	% Change
Trading Revenue ¹	387.7	404.7	(4%)
Other Income	3.7	4.0	(6%)
Costs	(325.3)	(341.5)	(5%)
Trading EBITDA¹	66.2	67.2	(2%)
Final Dividend	6.0 cps	6.0 cps	-

- Trading EBITDA¹ down 2% compared to previously reported FY16 Pro forma¹. The Pro forma adjusts FY16 for standalone costs previously disclosed and businesses divested.
- In FY17 continued Digital revenue growth and an improvement in Print advertising revenue decline were impacted on by a difficult Q3.
- While Radio revenue declined YoY, revenue returned to growth in Q4.
- Overall costs down 5% on FY16 Pro forma¹ due to continued focus on cost control and integration of the business.
- Other income primarily relates to charges to HT&E (formerly APN) for financial back office services and rental income.

(1) All Trading and Pro forma measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 30-34.

NZME COSTS

NZME Costs (\$m)	FY17 ¹	FY16 Pro forma ²	% Change
People & contributors	162.2	168.2	(4%)
Print & distribution	66.9	73.9	(9%)
Agency commission & marketing	35.0	35.9	(3%)
Property	20.8	21.5	(3%)
Content	10.8	11.8	(9%)
IT & communications	11.7	10.4	13%
Other	17.9	19.8	(10%)
Total Costs	325.3	341.5	(5%)

- People costs down 4% due to ongoing benefits of integration across the business and a focus on reducing contributor and contractor costs.
- Print and distribution costs down 9% due to volume declines, savings from completed print plant technology improvements and paper savings.
- Agency commission and marketing costs down 3% in line with revenue decline.
- Property costs down 3% due to completion of regional office co-locations and reductions in radio transmission costs.
- Content costs down 9% due to savings from contract rationalisation, sports rights and live data feed costs.
- IT and Communications costs up 13% due to increased use of Software as a Service content and sales platforms, offsetting the need for future capital expenditure in these areas.
- Other costs reduced by 10% as a result of savings in professional fees, travel and vehicle expenses.

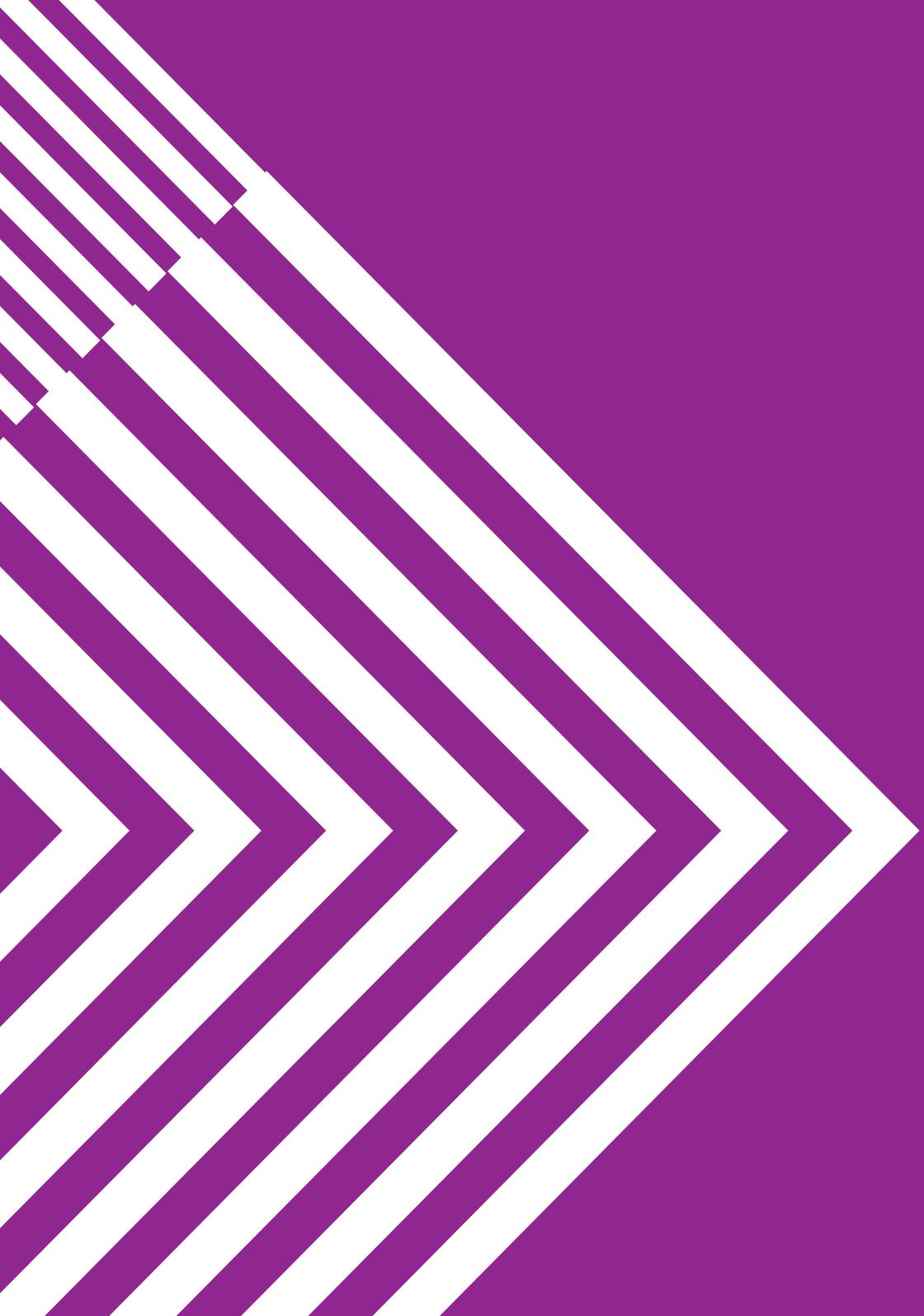
(1) FY17 total costs agree to the expenses from operations before finance costs, depreciation, amortisation and exceptional items in note 2.4.2 of the consolidated financial statements for the twelve months ended 31 December 2017. (2) FY16 Pro forma Costs are a non-GAAP measure that is explained and reconciled in the supplementary information on pages 33.

NZME BALANCE SHEET

NZME Balance Sheet (\$m)	Dec 17	Jun 17	Dec 16
Cash and cash equivalents	9.6	8.4	16.2
Trade and other receivables	57.2	58.4	55.9
Trade and other payables	(56.9)	(59.8)	(66.4)
Current tax liabilities	(7.6)	(0.3)	(2.8)
Net Working Capital	2.4	6.7	2.9
Fixed, intangible and other assets	401.3	406.2	411.4
Interest bearing liabilities	(99.8)	(115.2)	(112.2)
Other liabilities	(14.8)	(15.9)	(16.6)
Net Assets	289.0	281.7	285.6
Trading EBITDA' interest cover Ratio	15.2	12.3	16.9
Net debt to Trading EBITDA' Ratio	1.4	1.6	1.4

- Net debt has reduced to \$90.2m at 31 December 2017, from \$95.9m at 31 December 2016, with an interest rate payable on gross debt of 3.5% p.a.
- Higher trade and other receivables compared to December 2016 reflects an increase in prepayments of software licenses implemented during the year.
- Lower trade and other payables compared to December 2016 reflects the overall reduction in operating costs, the movement of licenses to in-advance, and incentives to monthly (rather than quarterly) payment.
- Undrawn bank facilities at 31 December 2017 totalled \$60.0m.
- Capital expenditure was \$15.0m in FY17 and is expected to be maintained at similar levels in FY18.

(1) Pro forma Trading EBITDA used to calculate ratios at Jun-17 and Dec-16 are non-GAAP measures that have been calculated to reflect the FY17 Trading result by excluding the impacts of the demerger from HT&E (formerly APN), discontinued businesses and exceptional items, and including Pro forma standalone costs previously disclosed. Please refer to the Supplementary Information on pages 30-34 for an explanation of these adjustments.



FY18 FOCUS



OUTLOOK

- Traditional advertising markets continued to face headwinds in FY17 and we anticipate a similar climate in FY18.
- Operational efficiency remains a focus, however the rate of cost reduction is slowing and, consistent with FY17, EBITDA will therefore likely continue to be pressured in the near term.
- NZME is reinvesting in growth initiatives, such as *DRIVEN*, *YUDU* and *OneRoof*, with benefits from these expected to be realised over the medium term.
- Through retaining revenue in the existing business and developing new revenue streams, NZME's goal remains to deliver revenue and EBITDA growth in the medium term.

**Award-winning NZ Herald Chief
Photographer, Brett Phibbs**



PROPOSED NZME/STUFF LIMITED MERGER UPDATE

Process update

- The New Zealand Commerce Commission declined to approve the merger on 3 May 2017.
- NZME and Fairfax's appeal to the High Court was declined in a judgment issued on 19 December 2017.
- On 7 February 2018, NZME and Fairfax applied for leave to appeal the decision to the Court of Appeal.
- Subject to a final decision on the scope of appeal, it is expected that the matter will be heard in the Court of Appeal in Q2 2018, with a judgment expected in the second half.
- There is a further right of appeal to the Supreme Court with leave on points of general public importance.
- If an appeal is successful, completion of the transaction remains subject to finance and shareholder approval.

Rationale for a further appeal

- NZME and Fairfax continue to believe the Commission was wrong in fact and wrong in law to decline clearance or authorisation for the merger. The questions on appeal are focused on the issue of plurality.
- NZME continues to share the costs of the legal process with Fairfax. The shared costs going forward are expected to be less than \$0.5m, significantly outweighed by the potential benefits of the transaction, both for shareholders and the New Zealand public.

FY18 STRATEGIC PLAN

Horizon 1: Optimising the Core

Offsetting declines in Print advertising with growth in Radio and Digital advertising, and streamlining the cost base.

Horizon 2: Beyond Advertising

Growing new revenue streams that leverage our audiences to generate new revenue opportunities - Digital classifieds and paid content.

Horizon 3: Re-imagining

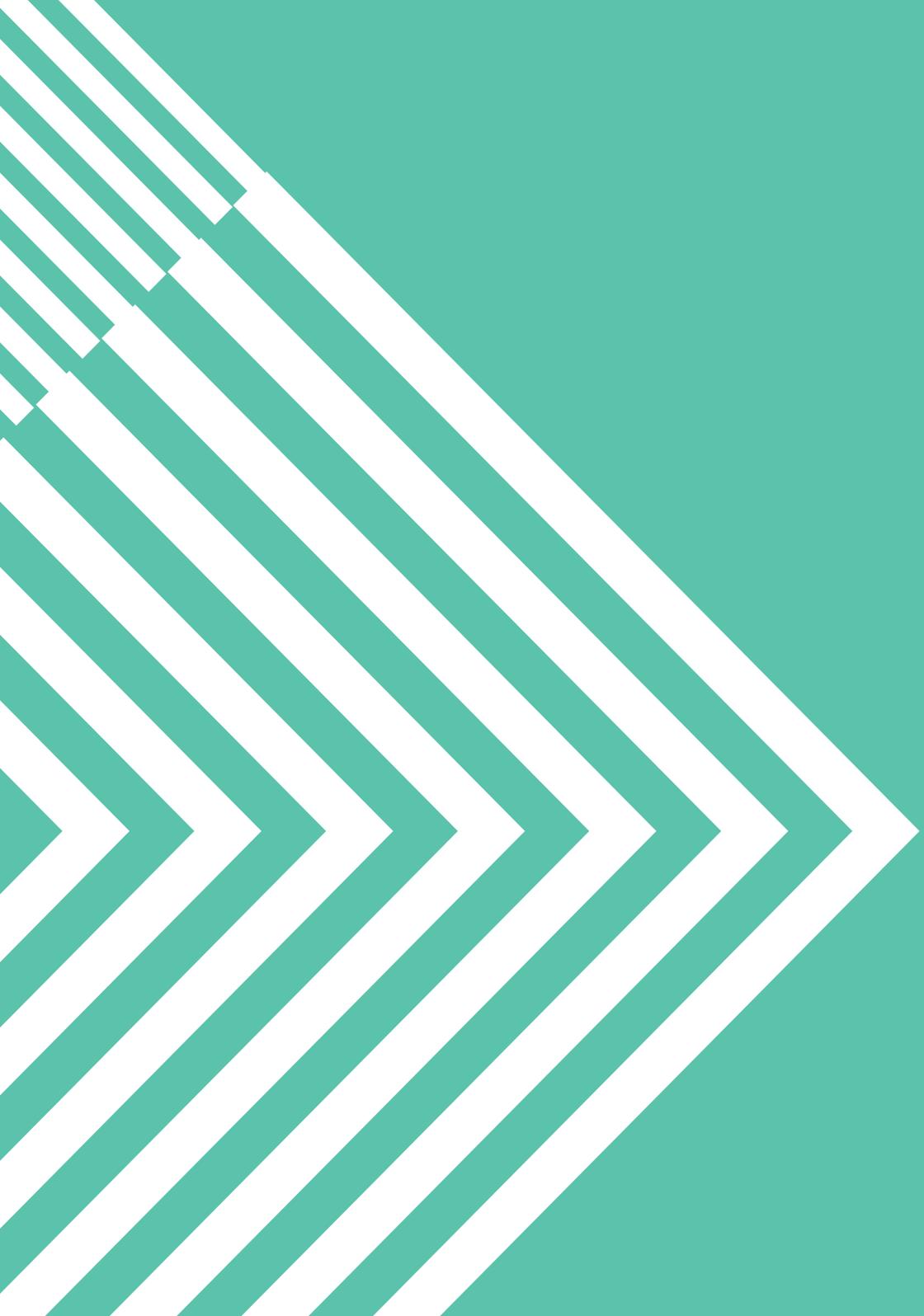
Identifying opportunities to develop new business models that grow audience engagement and deliver new revenue streams.

- 1. Grow audience and engagement** through amplification of NZME's brands and increased focus on planned, unique, local and premium content, supported by continued implementation of the Washington Post arc roadmap.
- 2. Return advertising revenue to growth** by continuing to retain Print revenues, drive Digital revenue growth and capitalise on Radio coverage, content and talent enhancements.
- 3. Effective cost and capital management** through exploring opportunities to leverage our existing fixed cost base and continued focus on improving balance sheet strength.
- 4. Engage and develop our people** by continuing to focus on improving leadership and talent succession planning.
- 5. Grow new revenue streams** through the launch of *DRIVEN*, *YUDU* and *OneRoof*, improved data monetisation and developing a paid content proposition. Identify and develop new business models.
- 6. Progress the Stuff merger** to further improve our efficiency and underwrite the competitiveness of New Zealand content generation and delivery.

Q&A



NZ's No. 1 Breakfast Host, Mike Hosking, interviewing Nigella Lawson



SUPPLEMENTARY INFORMATION

NZME FY17

RECONCILIATION OF TRADING RESULT TO CONSOLIDATED FINANCIAL STATEMENTS

\$m	FY17 Trading Result ¹	Exceptional Items ²	FY17 Financial Statements
Trading Revenue ¹	387.7	-	387.7
Other Income	3.7	-	3.7
Total Revenue & Other Income	391.4	-	391.4
Costs	(325.3)	(7.5)	(332.8)
EBITDA	66.2	(7.5)	58.6
Depreciation and amortisation	(24.9)	-	(24.9)
EBIT	41.2	(7.5)	33.7
Net interest expense	(4.4)	-	(4.4)
NPBT	36.9	(7.5)	29.3
Tax ³	(10.1)	1.7	(8.4)
NPAT	26.7	(5.8)	20.9
Earnings per share (cps)	13.6	(3.0)	10.7

(1) Trading Revenue of \$387.7 million agrees to Segment revenue from integrated media and entertainment activities in note 2.4.2 of the consolidated financial statements. Other income of \$3.7 million comprises of Revenue from shared service centre of \$3.0 million, Dividend income of \$0.1 million and Rental income from sub-leases of \$0.6 million as disclosed in note 2.4.2 of the consolidated financial statements. Total Revenue & Other Income excludes interest income of \$0.1 million which is included in Net interest expense. Costs of \$325.3 million agrees to Expenses from operations before finance costs, depreciation, amortisation and exceptional items in note 2.4.2 of the consolidated financial statements. (2) Exceptional items are explained on page 34 and note 2.4.2 of the consolidated financial statements. (3) Trading tax payable has been calculated utilising NZME's current effective tax rate on NPBT excluding exceptional items of 28%.

NZME FY16

RECONCILIATION OF PRO FORMA RESULT TO CONSOLIDATED FINANCIAL STATEMENTS

Other than the Trading NPAT calculated on page 30, the results used in this presentation for FY17 are the same as those disclosed in note 2.4.2 - Segment revenues and results of the Consolidated Financial Statements for the year ended 31 December 2017. The Statutory Result for FY16, including the segment note, as reported in the Consolidated Financial Statements for the year ended 31 December 2017 was not reflective of the NZME business going forward, due to the impact of the demerger, tax payments, and the inclusion of the previous ownership interest in the Australian Radio Network. In order to show what the result would look like for NZME on a standalone basis, we have presented a number of unaudited non-GAAP measures which are further explained and reconciled to the unaudited GAAP figures in this supplementary information. This presentation should be read in conjunction with NZME's Consolidated Financial Statements.

\$m	FY16 Pro forma Result ¹	Divestments ¹	Ed Media ¹	Standalone Costs ¹	Other Items ²	FY16 Financial Statements ³
Revenue	404.7	2.6	(1.2)	-	-	406.1
Other Income	4.0	-	-	-	(1.5)	2.5
Total Revenue & Other Income	408.7	2.6	(1.2)	-	(1.5)	408.6
Costs	(341.5)	(2.3)	0.8	4.3	0.3	(338.4)
EBITDA	67.2	0.4	(0.4)	4.3	(1.3)	70.2
Depreciation and amortisation						(23.8)
EBIT						46.4
Net interest expense						(9.0)
NPBT						37.3
Exceptional items ⁴						(23.9)
Tax						(64.0)
Profit from discontinued operations						125.1
NPAT						74.5

(1) The NZME Pro forma Result comprises Pro forma Revenue, Pro forma Other Income, Pro forma Costs, and Pro forma EBITDA which are non-GAAP measures. The NZME Pro forma Result for FY16 shows NZME on a comparable basis for the half year by adjusting the Consolidated Financial Statements by excluding earnings from businesses divested during in FY16 (Wairarapa Times Age and Whakatane News), including the Educational Media business, including Pro forma standalone costs previously disclosed, and excluding exceptional items (separately disclosed on page 34). (2) Other items include revenue and costs previously relating to other entities in the Group prior to the demerger which are included in the FY16 result. They comprise of Other Income relating to income from the shared service centre of \$1.5 million for H1 16 that would have previously been eliminated on consolidation and an adjustment for additional net expenses previously eliminate on consolidation. (3) Revenue of \$406.1 million agrees to Segment revenue from integrated media and entertainment activities. Other income of \$2.5 million comprises of Dividend income of \$0.1 million and Rental income from sub-leases of \$0.6 million. Costs of \$338.4 million agrees to Expenses from operations before finance costs, depreciation, amortisation and exceptional items, all as disclosed in note 2.4.2 of the consolidated financial statements. (4) Exceptional items are explained on page 34.

NZME FY16

RECONCILIATION OF TRADING RESULT TO PRO FORMA RESULT

(AS PREVIOUSLY REPORTED, FEBRUARY 2017)

\$m	FY16 Previously Reported Trading Result ¹	Divestments ²	Standalone Costs ³	Acquired & Reclassified Items ⁴	FY16 Pro forma Result ¹
Trading Revenue ¹	407.4	(2.6)	-	-	404.7
Other Income	2.4	-	-	1.6	4.0
Trading Revenue & Other Income	409.7	(2.6)	-	1.6	408.7
Costs	(337.8)	2.3	(4.3)	(1.6)	(341.5)
EBITDA	71.9	(0.4)	(4.3)	-	67.2
Depreciation and amortisation					(23.8)
EBIT					43.4
Net interest expense					(4.2)
NPBT					39.2
Tax					(11.4)
NPAT					27.8
Earnings per share (cps)					14.2

(1) The figures presented in this table are on a Trading or Pro-forma basis, which are non-GAAP measures as reconciled and explained in this presentation. The NZME FY16 Previously Reported Trading Result was adjusted for Pro forma standalone costs, as previously disclosed in the FY16 Results Presentation. (2) Earnings from businesses divested during in FY16 (Wairarapa Times Age and Whakatane News), which are included in the Consolidated Financial Statements for FY16, have been removed. (3) The previously reported NZME Trading Costs for FY16 have been adjusted for standalone costs previously disclosed and not incurred in FY16, which are not included in the Consolidated Financial Statements for FY16 (4) Items have been reclassified to reflect changes in revenue and cost recognition after the demerger from HT&E (formerly APN), and reclassification of dividend income and rental income from sub-leases to Other Income. Note: Exceptional items (separately disclosed on page 34) are excluded from both the Trading and Pro forma FY16 Results shown above. (5) Tax payable has been calculated indicatively utilising NZME's current effective tax rate as at 31 December 2017 of 29%.

NZME FY16

RECONCILIATION OF PREVIOUSLY REPORTED TRADING TO PRO FORMA COSTS

\$m	FY16 Previously Reported Trading Costs ¹	Standalone Costs ²	Divested, Acquired and Reclassified Items ³	FY16 Pro forma Costs ¹
People costs & contributors	163.0	4.0	1.1	168.2
Print & distribution costs	73.8	-	0.1	73.9
Agency commision & marketing	35.2	-	0.7	35.9
Property	21.5	-	-	21.5
Content	12.4	0.1	(0.7)	11.8
IT & communications	10.0	-	0.3	10.4
Other	16.4	3.2	0.2	19.8
Sub-total	332.5	7.4	1.6	341.5
Standalone costs in H2 16	3.1	(3.1)	-	-
Divestments ⁴	2.3	-	(2.3)	-
Total	337.8	4.3	(0.6)	341.5

(1) The figures presented in this table are on a Trading or Pro-forma basis, which are non-GAAP measures as reconciled and explained in this presentation. Based on the FY17 Trading Result, we identified a number of adjustments to the FY16 Previously Reported Trading Costs to ensure a better like-for-like comparison, as set out in this table as the FY16 Pro forma Costs. (2) The previously reported NZME Trading Costs for FY16 have been adjusted for standalone costs previously disclosed and not incurred in FY16, which are not included in the Consolidated Financial Statements for FY16. (3) The previously reported NZME Trading Costs for FY16 have been adjusted for items acquired as part of the demerger from HT&E (formerly APN) which include costs associated with back office services provided to HT&E (formerly APN), and reclassification of dividend income to Other Income. Note: Exceptional items (separately disclosed on page 34) are excluded from both the Trading and Pro forma FY16 Costs shown above. (4) Costs in relation to divestments include the Wairarapa Times Age sold in June 2016 and Whakatane News sold in August 2016.

NZME EXCEPTIONAL ITEMS

NZME Exceptional Items (\$m)	FY17	FY16
Redundancies	4.3	6.0
Costs in relation to one-off projects	3.0	6.9
Business & property divestments	0.2	(1.3)
Masthead royalty charges	-	12.2
Total	7.5	23.9

- Redundancy costs relate to ongoing integration programmes.
- FY17 one-off project costs primarily relate to the proposed merger with Stuff Limited (formerly Fairfax NZ), for which an appeal was heard and declined in the High Court in H2 17, and NZME's continued integration and co-location.
- In addition, FY16 one-off project costs primarily relate to listing, and masthead royalty charges for the transfer of mastheads as part of the demerger from HT&E (formerly APN).