



MEDIA RELEASE – 2019 HALF YEAR FINANCIAL RESULTS
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Solid performance while investing for growth.

New Zealand Media and Entertainment (NZME) has today announced NZ Herald Premium has hit a new milestone with more than 15,000 paid digital subscribers.

Making the announcement as part of NZME's 2019 half year financial results, CEO Michael Boggs said the digital subscription service, designed to ensure quality journalism has a thriving future in New Zealand, has been a huge success. Subscriptions and revenue have exceeded expectations.

Today NZME reported Statutory Net Profit After Tax of \$1.0 million, Total Revenue of \$181.1 million and Operating EBITDA¹ of \$19.4 million for the six months ended 30 June 2019.

"Given the well reported market headwinds, this is a solid result supported by strong growth in our digital initiatives.

"Our Premium digital subscribers are highly engaged, spending three times longer on nzherald.co.nz than non-subscribers. That's great news for the journalists in our newsrooms and our advertisers. On top of our 15,000 new digital subscribers, thousands of NZ Herald newspaper subscribers have also activated their digital subscriptions. This means NZ Herald Premium has been activated by close to 40,000 subscribers," said Mr Boggs.

The successful launch of NZ Herald Premium is a key strategic milestone achieved in the first half of 2019. Returning radio revenue to growth is another strategic milestone achieved in the first six months of 2019.

"For the first time in several years radio revenue is in growth. Even more pleasing is that this part of our business is showing continued momentum going into the second half of the year.

"This is a great turnaround for NZME Radio. It is the result of our focus on ensuring we have the best talent on air to drive the resurgence of this channel. We've also been enhancing our sales teams with some of the best radio specialists in the market, to make sure we convert our increased share of the radio audience to deliver great results for our advertisers," said Mr Boggs.

NZME's multi-channel real estate platform OneRoof is also going from strength to strength. Launched just over a year ago, OneRoof revenue grew to \$1.3 million for the first half of 2019.

¹ Operating results are presented excluding the impact of NZ IFRS 16 and exceptional items to allow for a like for like comparison between H1 2018 and H1 2019. Please refer to note 2.3.2 and note 2.3.3 of the Consolidated Interim Financial Statements for the period ended 30 June 2019 and slide 28 and 29 of the 2019 half year results presentation for a detailed reconciliation.



With its unique blend of high-quality real estate journalism and property listings, OneRoof is driving audience engagement with monthly unique browsers growing 33% in the past six months to 297,000.

“While our ‘new kids on the block’, NZ Herald Premium and OneRoof are already proving their potential value to NZME, there have also been some exciting highlights in our print business during the past six months,” said Mr Boggs.

On a typical day 477,000 New Zealanders read the NZ Herald newspaper, an increase of 18,000 readers compared to the same period last year. That’s the highest readership level in four years. Combined with online and mobile readers, more than one million New Zealanders read NZ Herald content each day.²

“NZME’s audience and brand growth have taken place in an advertising market that continues to be challenging. Ongoing pressure on print and digital advertising, along with a small decline in print circulation revenues, have impacted the financial results in the period,” said NZME CFO, David Mackrell.

NZME announced that for the six months ended 30 June 2019, Total Revenue was \$181.1 million, a decline of 4% compared to the previous corresponding period.

“The industry wide challenges around advertising spend have contributed to our half yearly Operating EBITDA of \$19.4 million³, down 16% compared to the previous corresponding period. An ongoing focus on costs has delivered a reduction in underlying operating costs during the period of \$4.8 million². We are pleased to report we have reduced net debt by \$8.1 million in the six months,” said Mr Mackrell.

Mr Boggs said, “While we continued to experience market challenges in the past six months, there are some encouraging signs in advertising spending as we head into the second half of our financial year, with third quarter bookings up 6% year-on-year.

“The encouraging performance of our new and emerging platforms like OneRoof and NZ Herald Premium along with the growth in our radio and print audiences means NZME is increasingly well placed to connect advertisers with engaged audiences.”

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² Nielsen CMI Fused Q2 2018 - Q1 2019 May 2019 (population 10+ years).

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