NZME. NEW ZEALAND MEDIA AND ENTERTAINMENT

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STRONG SECOND HALF PERFORMANCE DELIVERS SOLID PLATFORM FOR 2020

New Zealand Media and Entertainment (NZME) has today announced its financial results for the full year ended 31 December 2019, reporting a strong second half with growth in radio revenue and audience market share. The multi-media company is also reporting second half growth in its digital classifieds and digital premium subscription revenue.

Releasing NZME's Annual Report today CEO Michael Boggs said, "NZME made significant progress in each of its three key strategic priorities in 2019 – a commitment to lead the future of news and journalism in New Zealand, increase radio capability and performance and create New Zealand's leading real estate platform."

Today NZME reported Total Operating Revenue[1] of $371.7 million (down 4% on 2018) and Operating EBITDA of $50.6 million (down 7% on 2018) for the twelve months ended 31 December 2019.

"It's been very pleasing to see radio revenue growth of 5% in the second half of the year contributing to full year revenue growth of 2%. We will continue to focus on radio growth and recently announced significant host changes to some of our radio brands to capitalise on the audience growth delivered in 2019.

"The performance of the NZ Herald Premium digital subscription service continues to deliver for the business with $1.7 million in revenue generated in the 8 months since launch. There are now over 21,000 paid digital subscribers with a further 25,000 accessing the service from their print subscription. The ongoing growth of Premium reflects New Zealanders' appreciation for high quality local journalism and the value they put on accessing reputable international news sources.

"As part of our continuous improvement focus, we will constantly develop this platform. A great example of this is our new enhanced app that will launch soon with a new look and improved functionality," said Mr Boggs.

NZME's OneRoof property platform continues to be developed into a leading real estate platform. OneRoof now has over 75% of residential for sale listings in New Zealand and 95% of residential for sale listings in Auckland[2]. OneRoof revenue grew to $2.8 million in 2019.

Print revenue for 2019 continues to reflect the challenging nature of the print market in New Zealand. While readership of the NZ Herald remains at record levels – the NZ Herald has average issue readership of 465,000 and 1.7 million weekly brand audience[3] - print advertising revenue declined 10% compared with 2018 to $102.2 million. The decline was also partly due

[1] Operating results are presented excluding the impact of NZ IFRS 16 and exceptional items to allow for a like for like comparison between 2018 and 2019 financial years. Please refer to slides 33 and 34 of the 2019 full year results presentation for a detailed reconciliation.
[2] OneRoof's listings as a percentage of residential for sale listings on TradeMe.
[3] Nielsen CMI Fused Q4 18 - Q3 19, People 15+.

to 2018 benefitting from an extra publishing week compared to 2019. When adjusted for the extra publishing week, the year on year decline was 8%.

Statutory Net Profit After Tax (NPAT) showed a net loss of $165.2 million for the year to 31 December 2019. Net profit in 2019 was impacted by an impairment to the carrying value of non-amortising intangible assets of $175.0 million as at December 2019, including goodwill, masthead brands and other brands. These intangible assets are the result of historic transactions that occurred prior to the demerger.

Chairman, Peter Cullinane commented, "The impairment is an accounting adjustment only and makes no change to the Company's cashflows and has no impact on banking covenants."

"The assessment recognises that the difference between the value of the company implied by its share price and the accounting value of equity has increased to a level which can no longer be supported without an accounting adjustment."

Commenting on today's financial statements Mr Boggs said, "I am pleased to report a solid performance for 2019. However, the media industry in New Zealand remains incredibly competitive and is significantly susceptible to the local impact of global players like Facebook and Google."

"As a leading New Zealand media company, we are in the position of being able to continue to look for commercial opportunities that will support our commitment to lead the future of news and journalism in New Zealand. This includes exploring the potential opportunity for NZME to purchase Stuff.

"NZME firmly believes it is the right owner for Stuff. We expect that as well as supporting NZME's strategic priorities, the potential acquisition of Stuff would create a stronger and more sustainable media presence, enhance our audience and advertising proposition, deliver cost savings and synergy benefits and deliver increased financial scale," said Mr Boggs.

Mr Cullinane also highlighted the formalisation of NZME's Sustainability Commitment detailed in its 2019 Annual Report. "I'm proud that NZME has always based its business decisions on a strong set of values focussed on supporting our communities, our people and environment. Today's Annual Report sets out how we will continue to deliver on those commitments," said Mr Cullinane.

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The full set of New Zealand Media and Entertainment annual results materials can be found at https://www.nzx.com/companies/NZM/announcements

For further information please contact:
Rowena D'Souza, Communications Manager, New Zealand Media and Entertainment
(+64) 212465961 rowena.dsouza@nzme.co.nz