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STRONG PERFORMANCE AS NZME QUICKLY NAVIGATES COVID-19 IMPACTS

New Zealand Media and Entertainment (NZME) has today announced its financial results for the half year ended 30 June 2020, reporting 5% growth in Operating EBITDA¹ to \$28.9 million.

Releasing NZME's Interim Report today CEO Michael Boggs paid tribute to NZME's people.

"They have ensured NZME withstands the extraordinary challenges Covid-19 continues to pose. They have also remained absolutely committed to NZME's purpose of keeping Kiwis in the know by delivering leading news and information that all New Zealanders can trust," said Boggs.

NZME's Chairman, Barbara Chapman, also thanked New Zealand businesses for their ongoing support.

"Owning, running and leading a business has never been tougher. That so many Kiwi businesses have continued to see the value in staying connected to their customers by continuing to invest in advertising with us, is an absolute testimony to the resilience and commitment of our commercial partners," said Chapman.

NZME's Half Year results were also driven by the Company's strong audience performance.

"More than 3.2 million New Zealanders² rely on us to keep them informed and entertained. The importance of this responsibility continues to be highlighted during the ongoing unprecedented events of 2020," said Boggs.

As advertising and retail circulation revenues came under significant pressure in the second quarter, NZME gained market share across key revenue channels within radio³, print⁴ and digital⁵ advertising. NZME's highly engaged audiences kept commercial partners and advertisers turning to NZME as a powerful multi-platform connection to engage with their customers.

Today NZME reported total Operating Revenue¹ of \$157.8 million for the half year, down 13% on the comparable period, largely due to the impacts of Covid-19.

Effective capital management resulted in a significant \$19.5 million reduction in Net Debt over the half year to \$55.2 million, representing a Net Debt to Operating EBITDA¹ ratio of 1.0 times.

¹ Operating results presented include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 half years. Please refer to pages 31-32 of the 2020 Half Year Results Presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million of Covid-19 government wage subsidy received in H1 2020.

² Nielsen CMI Fused Q2 19 – Q1 20, June, People 10+.

³ PwC Radio advertising market benchmark report, 6 months to 30 June 2020 vs 6 months to 30 June 2019.

⁴ PwC NPA quarterly performance comp. report, June 2020, 6 months to 30 June 2020 vs 6 months to 30 June 2019.

⁵ IAB digital advertising revenue – General Display, IAB NZ Digital advertising revenue report, Q2 2020.

NZME's Operating EBITDA⁶ includes \$8.6 million the business received from the government as a wage subsidy.

"NZME's ongoing focus on cost efficiencies prior to Covid-19 meant we were in a good position as the initial impacts of Covid-19 became clear. We moved swiftly to ensure NZME did not just withstand the impacts but was best placed to quickly implement a number of additional initiatives that helped mitigate Covid-19 impacts on earnings. The government wage subsidy also helped us retain roles that are now supporting our recovery," said Boggs.

NZME continued to make significant progress in each of its three key strategic priorities – to lead the future of news and journalism in New Zealand, grow radio and lead digital audio, and create New Zealand's leading real estate platform.

NZ Herald Premium digital subscriptions continue to grow and now total more than 82,000, including 43,000 paid digital subscribers.

"This further reinforces our belief that now and into the future, New Zealanders are prepared to support quality journalism, delivered by news teams they can trust. We will continue to invest in this growing part of our business with initiatives such as the enhanced NZ Herald App launched in late February," said Boggs.

Growth in NZME's radio revenue continued until Covid-19 began to impact advertising revenues towards the end of the first quarter.

Talk radio major market audience share grew 0.8% year-on-year to 14.8% due to the continued success of Newstalk ZB⁷. NZME has recently made some exciting content and talent enhancements to increase music radio listener market share.

OneRoof goes from strength to strength, now hosting more residential for-sale listings in Auckland than any other digital real estate site. The platform now hosts over 83% of residential for-sale listings nationwide⁸.

Barbara Chapman said NZME went into the Covid-19 pandemic in a strong position.

"Continued success against our strategic priorities and effective capital management has enabled NZME to rebound quickly and deliver a pleasing interim result.

"I am proud that NZME has served as an Essential Service during this unprecedented time, fulfilling our responsibilities to our audience and advertisers in connecting a growing number of New Zealanders with leading news, quality journalism and entertainment," said Chapman.

⁶ Operating results presented include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 half years. Please refer to pages 31-32 of the 2020 Half Year Results Presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million of Covid-19 government wage subsidy received in H1 2020.

⁷ GfK Radio Audience Measurement, Commercial Radio Stations, Market Share, S1 2020, People 10+.

⁸ OneRoof's listings as a percentage of residential for-sale listings on trademe.co.nz.

NZME warned against expectations that any Covid-19 recovery would be straight forward.

“Given the experience of the past month, navigating the Covid-19 recovery is likely to remain a focus for some time. But there will be a recovery. That means we need to continue to be adaptable, look for new opportunities to support our customers, stay focussed on costs and continue to deliver the high-quality news, information and entertainment New Zealanders deserve and expect from NZME,” said Boggs.

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The full set of New Zealand Media and Entertainment’s 2020 half year results materials can be found at <https://www.nzx.com/companies/NZM/announcements>

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