

**NZ**  
**ME.**

**NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT**

# **New Zealand Media and Entertainment Investor Day**

**16 November 2020**



**NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT**

# Agenda

1.	Chairman's Address	<b>Barbara Chapman, Chairman</b>	10:00am – 10:15am
2.	CEO Presentation	<b>Michael Boggs, Chief Executive Officer</b>	10:15am – 10:25am
3.	Audio	<b>Wendy Palmer, Chief Radio and Commercial Officer</b>	10:25am – 10:35am
4.	Publishing	<b>Shayne Currie, Managing Editor Matthew Wilson, Chief Operations Officer Laura Maxwell, Chief Digital Officer</b>	10:35am – 11:15am
5.	OneRoof	<b>Laura Maxwell, Chief Digital Officer</b>	11:15am – 11:25am
6.	Performance Overview	<b>David Mackrell, Chief Financial Officer</b>	11:25am – 11:35am
7.	Summary	<b>Michael Boggs, Chief Executive Officer</b>	11:35am – 11:40am
8.	Q&A	<b>All presenters</b>	



# 1. Chairman's Address

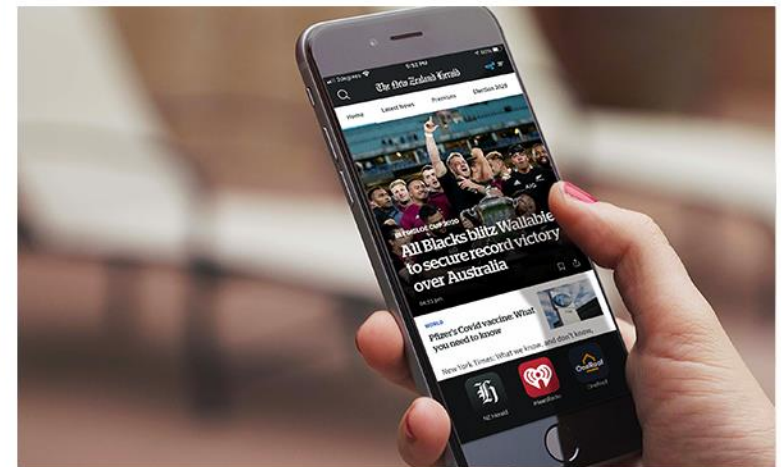
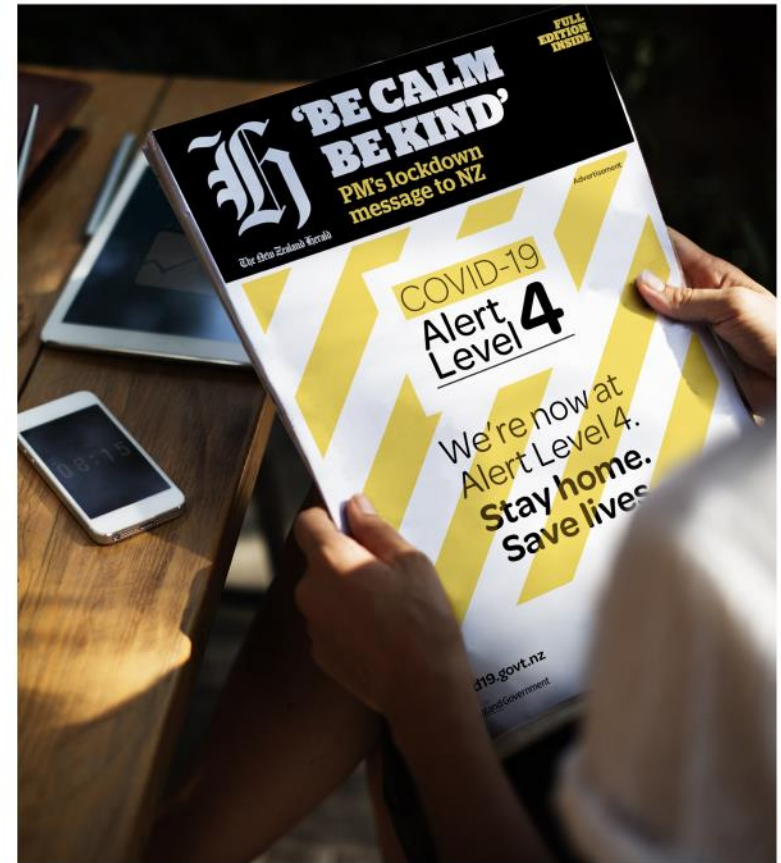
**Barbara Chapman**  
**Chairman**





## 1. Chairman's Address

# 2020 Year



## 1. Chairman's Address

# Board Members



**Barbara Chapman**  
Independent Chairman



**Carol Campbell**  
Independent Director



**David Gibson**  
Independent Director



**Sussan Turner**  
Independent Director



# 2023 Strategy - Guiding Principles



**1 Customer First**



**2 Win with Quality**



**3 Digital Acceleration**



**4 Audience Expansion**



**5 Top Performer**

# 2. CEO Presentation

**Michael Boggs**  
**Chief Executive Officer**



# NZME – an audience and customer centric multi-channel media business



#1 Daily newspaper in NZ<sup>1</sup>



Now over 93,000 digital subscribers



NZ's #1 digital news provider<sup>3</sup>



#1 25-54 year-old music show in NZ<sup>2\*</sup>

**NewstalkZB**

NZ's #1 radio station and favourite breakfast talk show<sup>2</sup>



Largest residential for sale listings platform in Auckland



# Delivered on Strategic Priorities



## 1. LEADING THE FUTURE OF NEWS & JOURNALISM IN NEW ZEALAND

- Partnered with Washington Post for world-leading technology roadmap
- Launched NZ Herald Premium on 30 April 2019
- More than 93,000 digital subscribers including over 49,000 paid
- Became #1 news site in NZ in August 2020<sup>1</sup>



## 2. GROWING RADIO AND LEADING DIGITAL AUDIO

- Radio revenue returned to growth prior to Covid-19
- Strong growth in radio revenue market share
- Successful brand, talent and content optimisation
- iHeartRadio registered user and listening hour growth



## 3. CREATING NEW ZEALAND'S LEADING REAL ESTATE PLATFORM

- Continued listings growth, with OneRoof having more residential for sale listings in Auckland than any other site
- Strong digital audience growth, now clearly #2 site in NZ<sup>1</sup>
- Revenue growth expected to deliver break even 2020 contribution
- OneRoof Local print launched to support brand, reach and revenue

STABILISED PROFITABILITY ► REDUCED DEBT ► POSITIONED FOR GROWTH



# Executive Team



**Michael Boggs**  
Chief Executive Officer



**Shayne Currie**  
Managing Editor



**Paul Hancox**  
Chief Revenue Officer



**David Mackrell**  
Chief Financial Officer



**Laura Maxwell**  
Chief Digital Officer



**Katie Mills**  
Chief Marketing Officer



**Wendy Palmer**  
Chief Radio & Commercial Officer



**Allison Whitney**  
General Counsel



**Matthew Wilson**  
Chief Operations Officer



**Paul Maher**  
Chief of OneRoof

# Our People are committed to keeping Kiwis in the know



Best New Initiative  
to Empower and  
Retain Talent



## Promoting a healthy, diverse and safe workplace

- Diverse people and content to reflect our audiences
- Resiliency and mental health
- Supporting new ways of working
- Cherishing our unique culture

## Championing the craft of journalism and broadcasting

- Tailored development for our journalists and broadcasters
- Internships and cadetships
- Promotion and profiling of our journalists and broadcasters
- Supporting the value of the Fourth Estate

## Equipping our people

- Leadership development and training
- Supporting our people's learning objectives and needs
- Succession planning



# NZME reaches an audience of more than 3.2 million New Zealanders<sup>1</sup>

## NZME. NEWS

2.5 MILLION PEOPLE ENGAGE WITH OUR NEWS CONTENT<sup>1</sup>

## NZME. SPORT

OUR SPORTS BRANDS ENGAGE WITH 807,000 PEOPLE<sup>1</sup>

## NZME. ENTERTAINMENT

IN ENTERTAINMENT WE ENGAGE WITH 2.6 MILLION PEOPLE<sup>1</sup>

## NZME. CLASSIFIEDS

WE ENGAGE WITH 512,000 PEOPLE WHO INTEND TO BUY/SELL/BUILD PROPERTY<sup>2</sup>

**Our national and local presence allows us to offer advertisers broad access to their target markets**

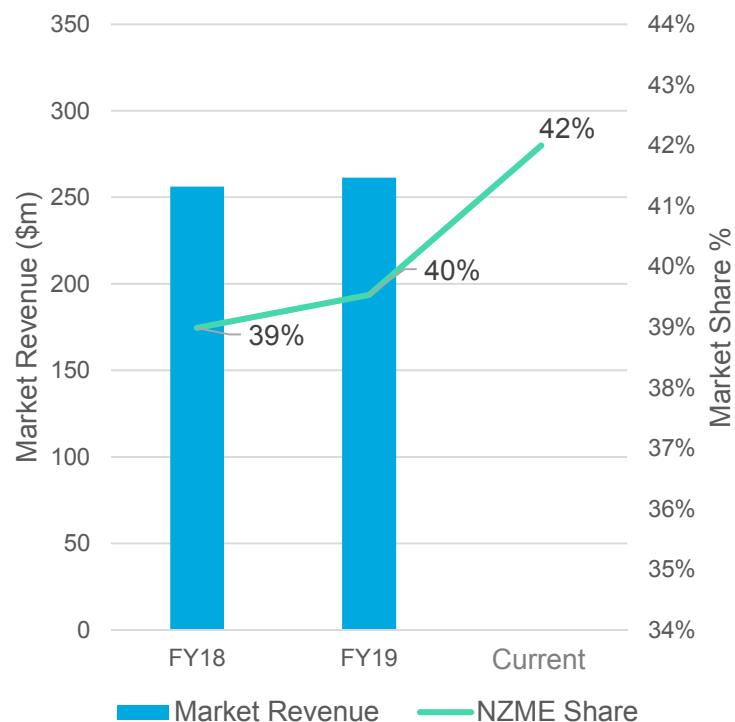
**> 85%**  
of the people living in the North Island<sup>1</sup>

**~ 87%**  
of the people living in Auckland<sup>1</sup>

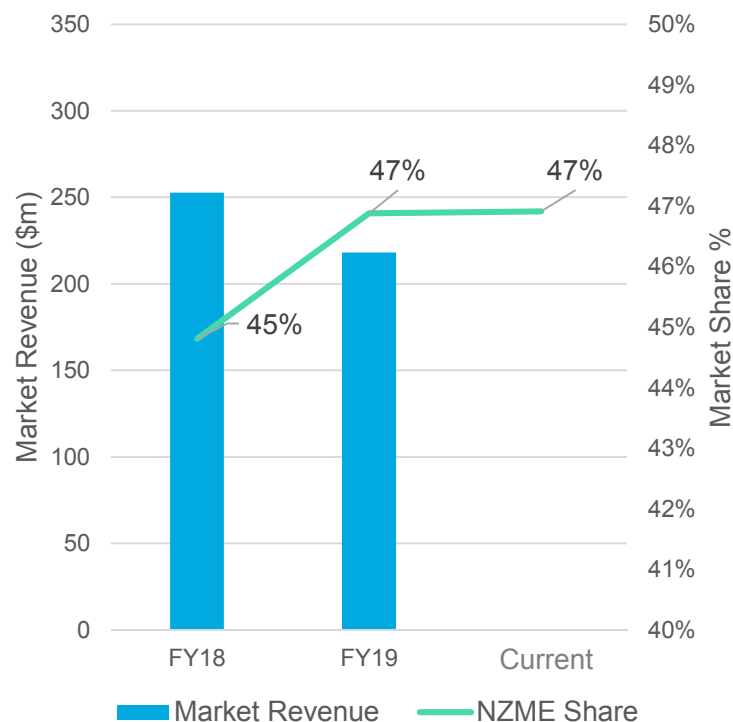
**~ 71%**  
of the people living in South Island<sup>1</sup>

# Strong market share, growing on all platforms

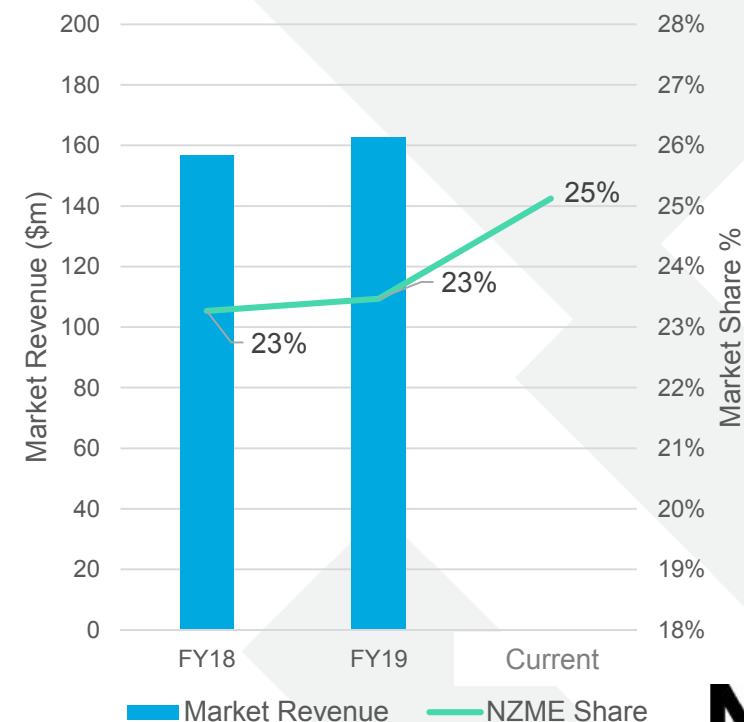
**Total Radio Advertising Market Revenue and NZME Share %<sup>1</sup>**



**Total Print Advertising Market Revenue and NZME Share %<sup>2</sup>**



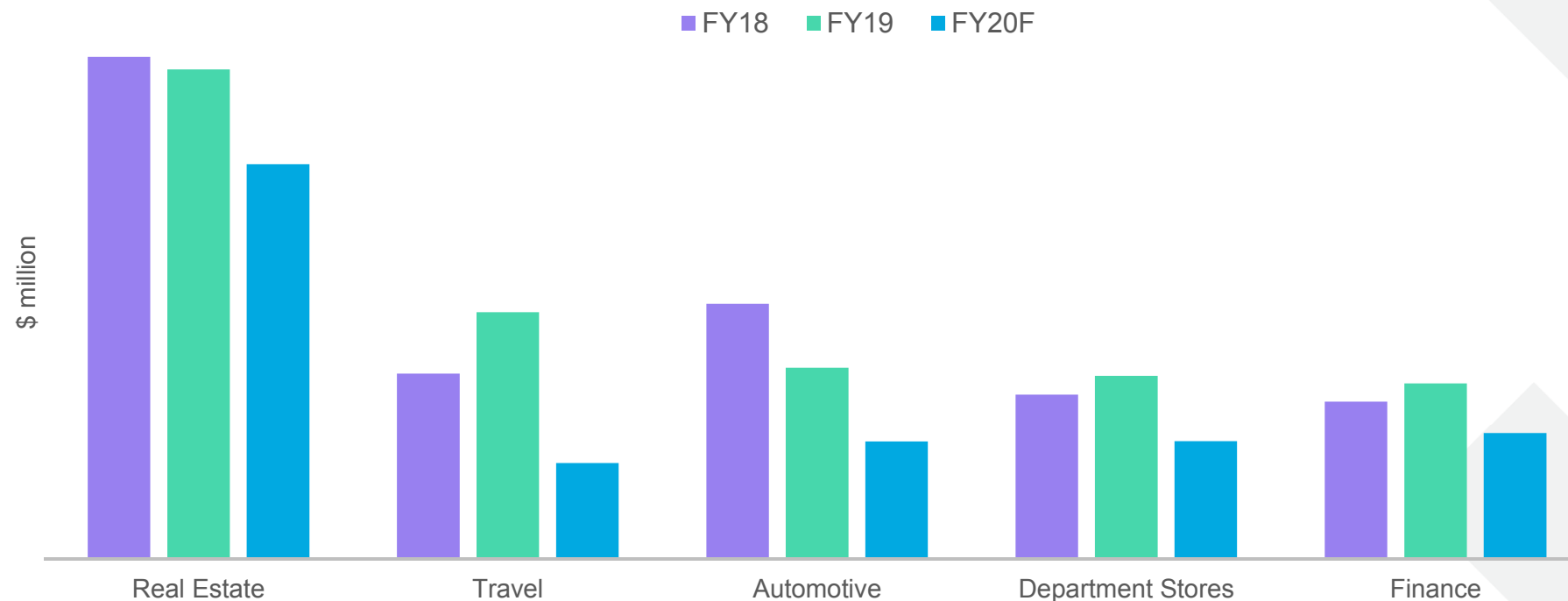
**Digital Display Advertising Market Revenue and NZME Share %<sup>3</sup>**





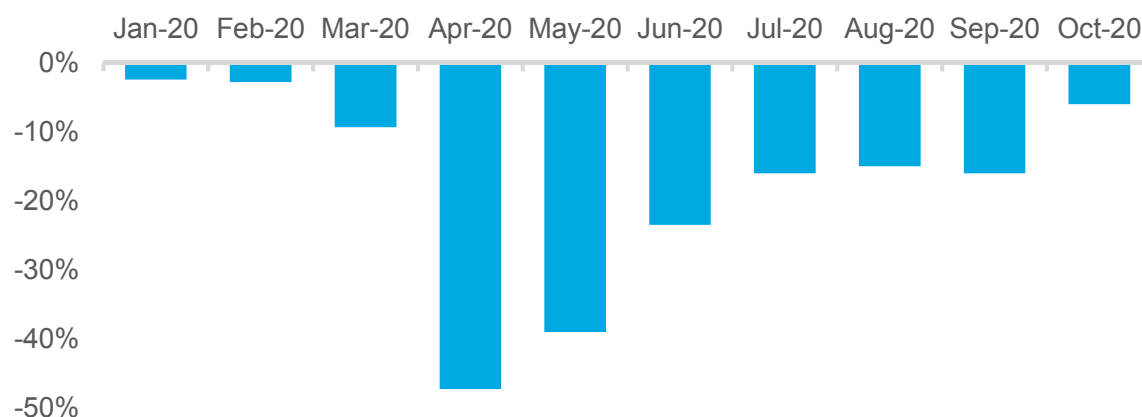
# Real Estate is NZME's largest industry vertical

Top 5 Advertising Revenue Categories  
9 months YTD FY18 – FY20F



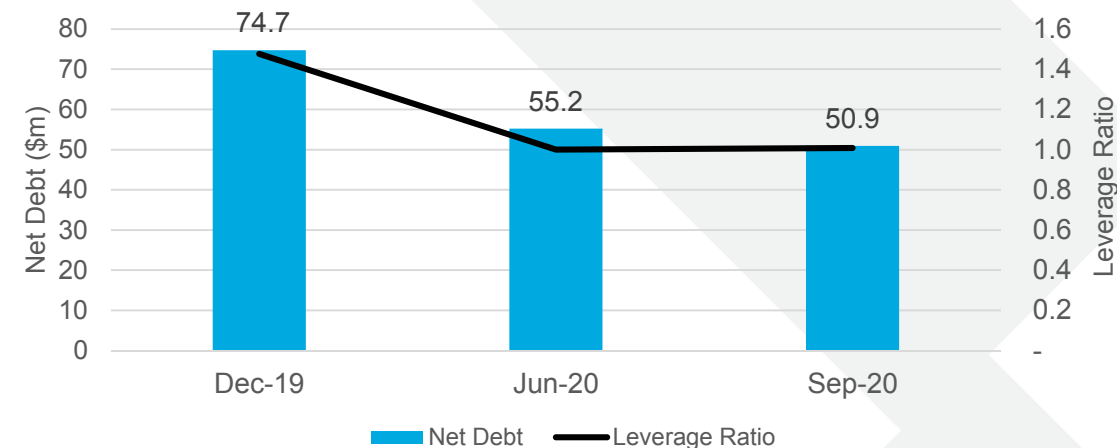
# Outlook

**Advertising Revenue Growth YoY  
(excludes Government wage subsidy)**



- We continue to see recovery from Covid-19.
- Advertising revenues for Q4 2020 are expected to be down 7% year-on-year.

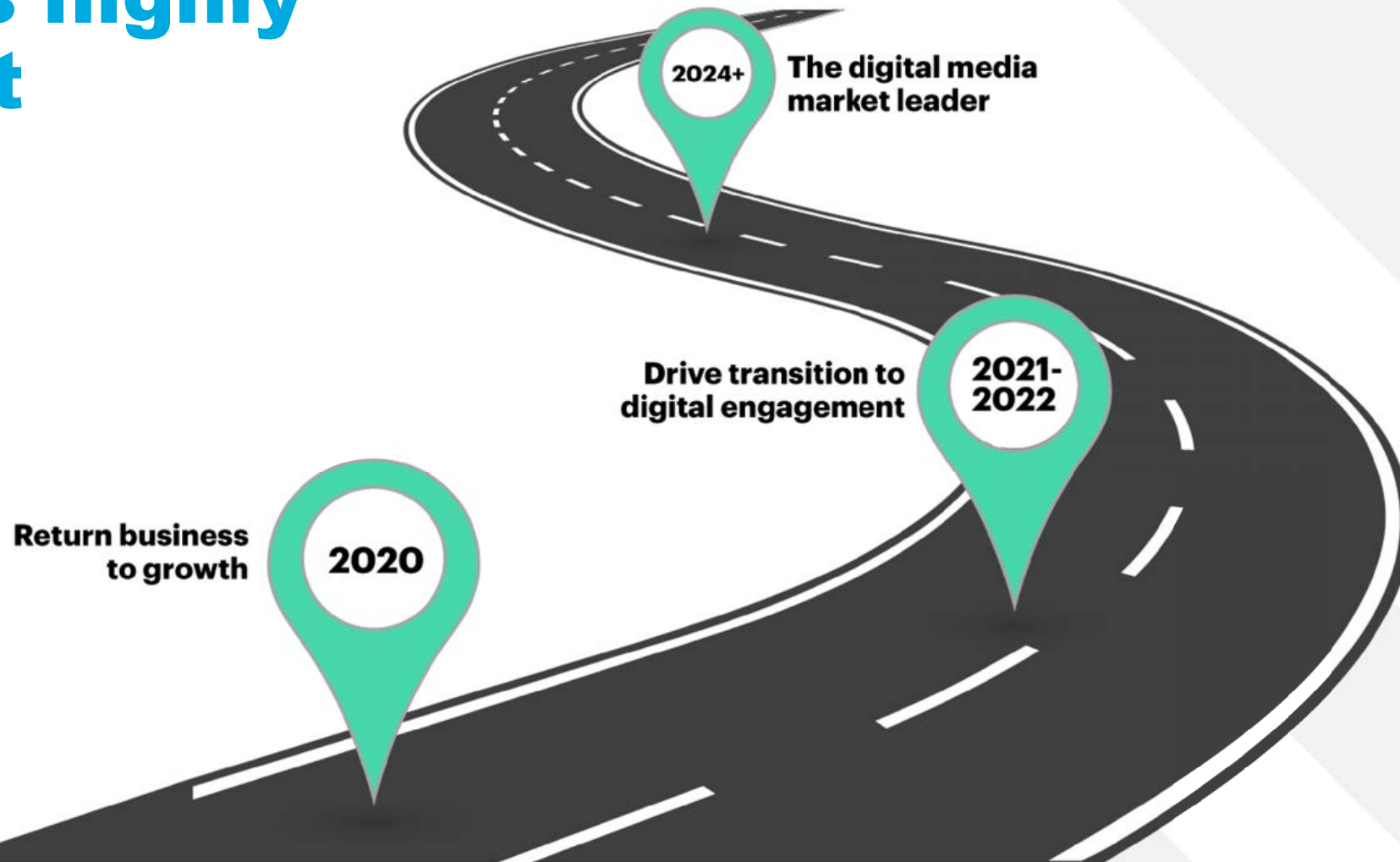
**Reduced Net Debt**



- Based on our current expectation, we expect to deliver a FY20 Operating EBITDA<sup>1</sup> of \$63 – \$66 million and net debt of less than \$45 million at 31 December 2020.



# Last year's strategy for 2020 and beyond remains highly relevant



# 2023 Strategic Priorities



New Zealand's  
leading audio  
company



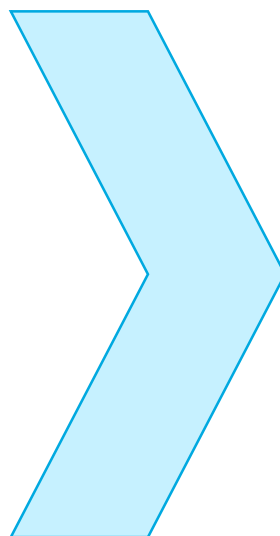
New Zealand's  
Herald



Your complete  
property  
destination

# Increased transparency with new Divisional Reporting

CURRENT	Total
Print	
Radio	
Digital	
<b>Total Revenue</b>	
<b>Operating Expenses:</b>	
People and contributors	
Print and distribution	
Agency commission and marketing	
Property	
Content	
IT and communications	
Other	
<b>Total Operating Expenses</b>	
<b>Operating EBITDA<sup>1</sup></b>	

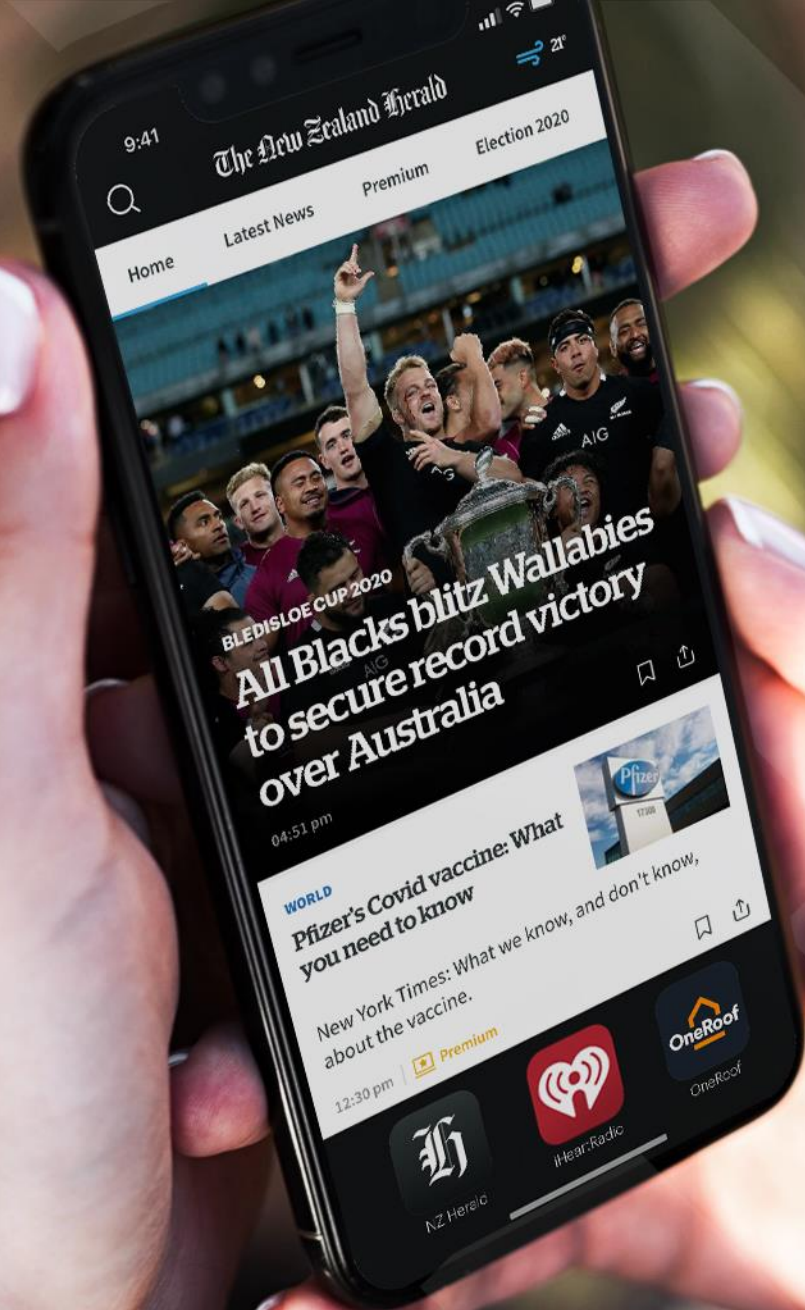


NEW	Audio	Publishing	OneRoof	Other	Total
Reader					
Advertising					
Other					
<b>Total Revenue</b>					
<b>Operating Expenses:</b>					
People and contributors					
Print and distribution					
Agency commission and marketing					
Other					
<b>Total Operating Expenses</b>					
<b>Operating EBITDA<sup>1</sup></b>					

# NZ ME. NEW ZEALAND MEDIA AND ENTERTAINMENT

A leading integrated media company

## EVERYONE'S HERE





# 3. Audio

**Wendy Palmer**  
**Chief Radio & Commercial Officer**





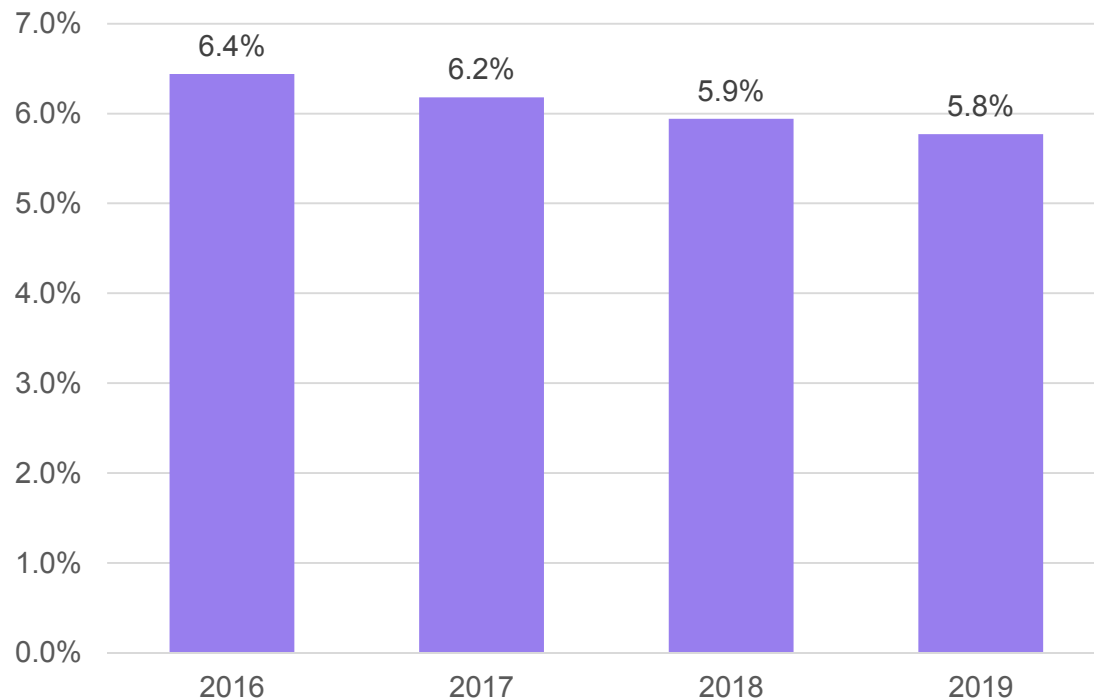
# 3. Audio





# Radio remains a solid advertising channel globally and locally

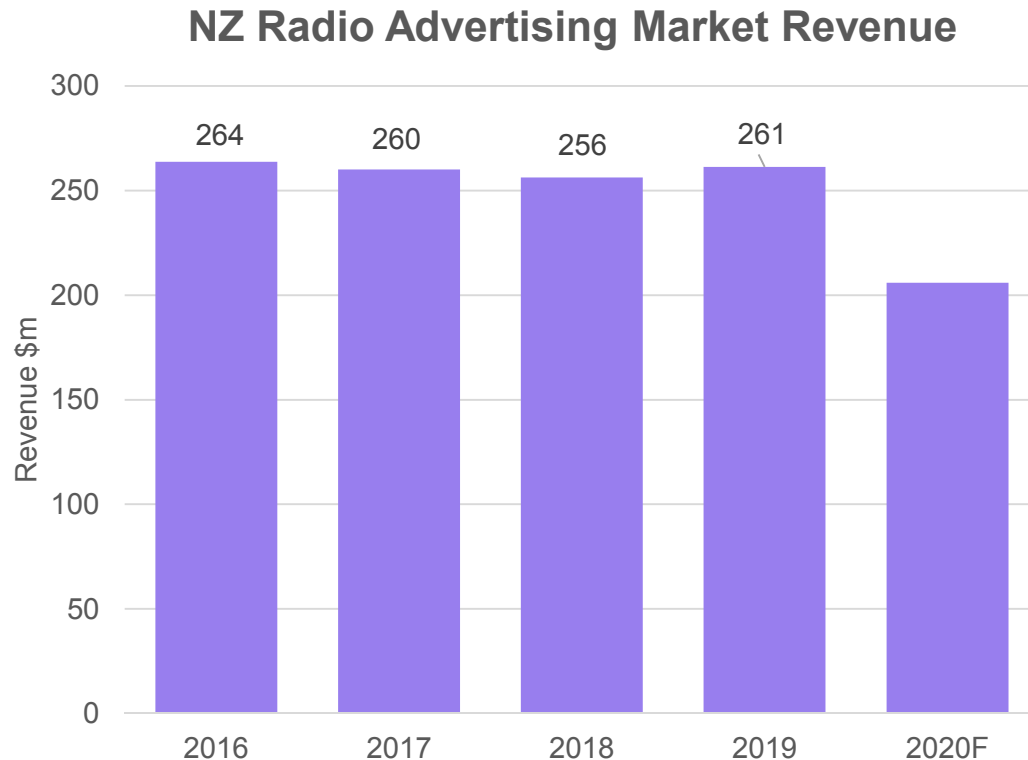
Radio Share of Global Advertising Revenue



- Globally radio's share of advertising has remained relatively stable at around 6% of total advertising spend for the last five years.
- Radio revenue sits between 10% - 12% of total New Zealand advertising spend.

## NZ radio market revenues are stable

New Zealand's Radio Advertising revenues have been very stable at around \$260 million, even during periods of low business confidence from FY17 – FY19

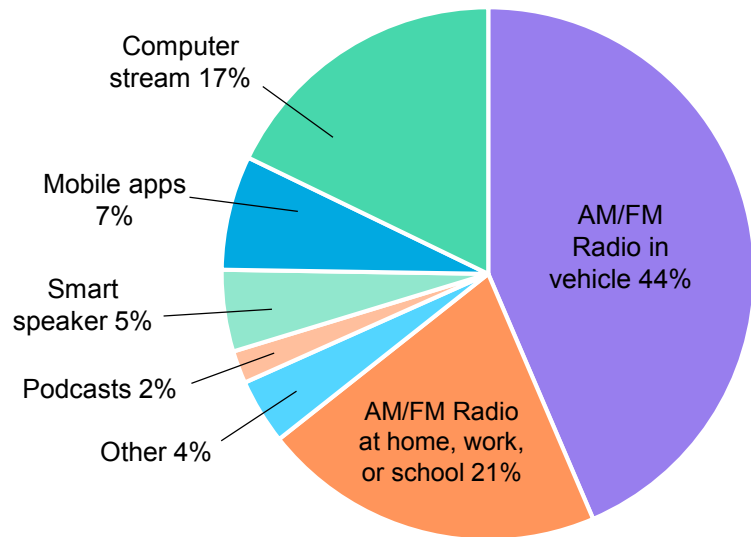


- New Zealand's Radio Advertising market has demonstrated robust revenues based on the strong reach of the medium.
- 2020 has been impacted by Covid-19 but our current revenue run rate is improving.
- Two radio owners dominate the New Zealand commercial radio landscape.

# Broadcast continues to dominate radio consumption

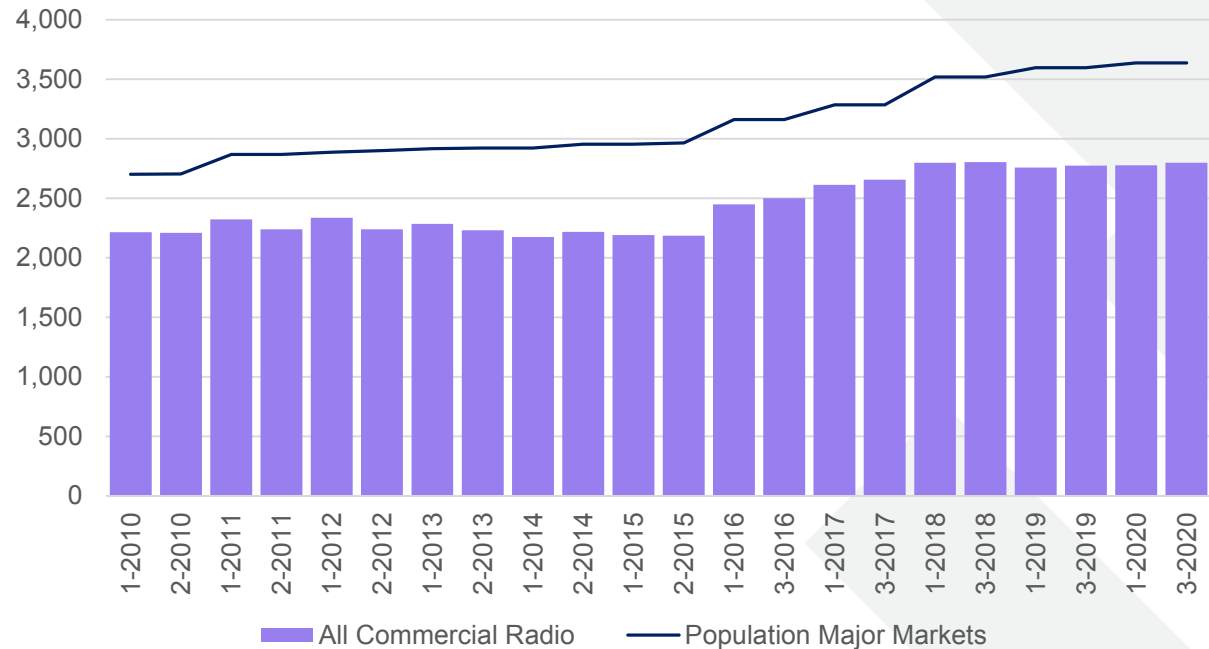
Broadcast radio comprises more than 65% of total radio consumption in the US<sup>1</sup>. In New Zealand broadcast radio audience has grown to around 3.7 million New Zealanders<sup>3</sup>

US Radio Consumption in 2020<sup>1</sup>



In-car listening trends in the US are reflected in New Zealand where vehicle listening represents the largest listening location

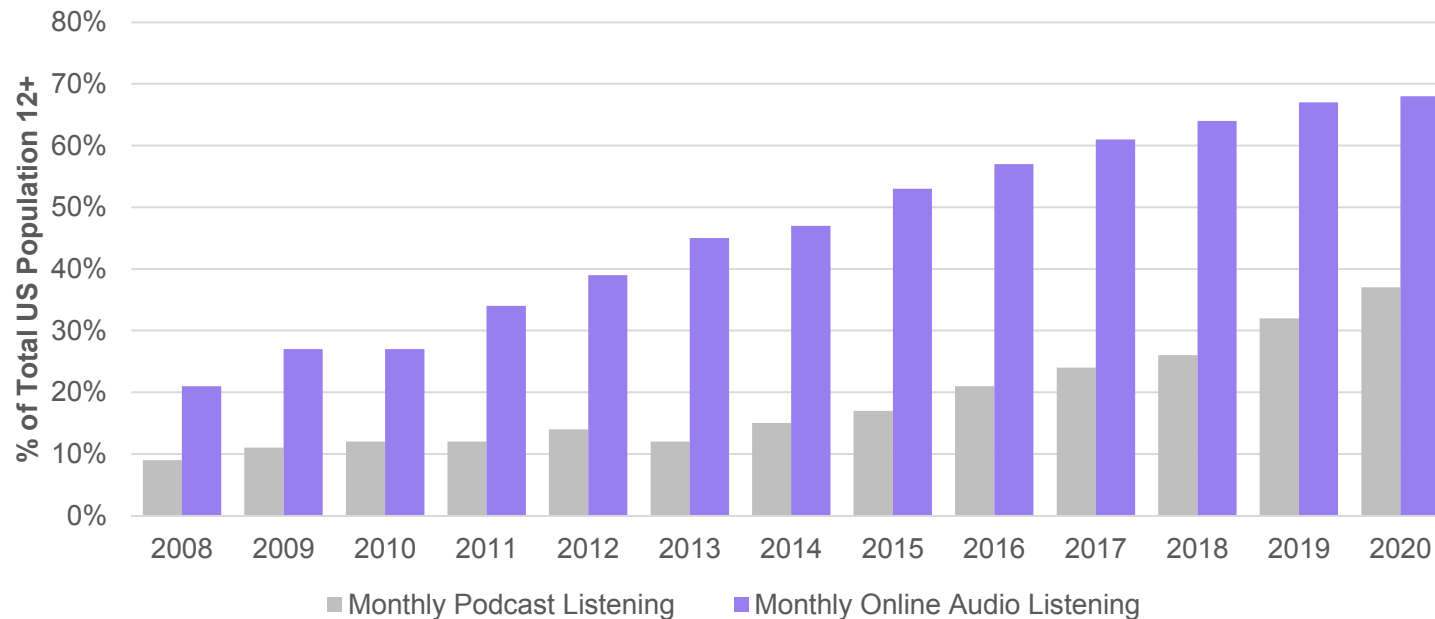
Cumulative Audience - NZ Major Markets only (000s)<sup>2</sup>



# Digital audio is a revenue growth opportunity

Globally digital audio advertising revenue is estimated at US\$4.6 billion, or 10% of global audio advertising revenues

Online Audio and Podcast Listening - US  
*% listened to in the last month*

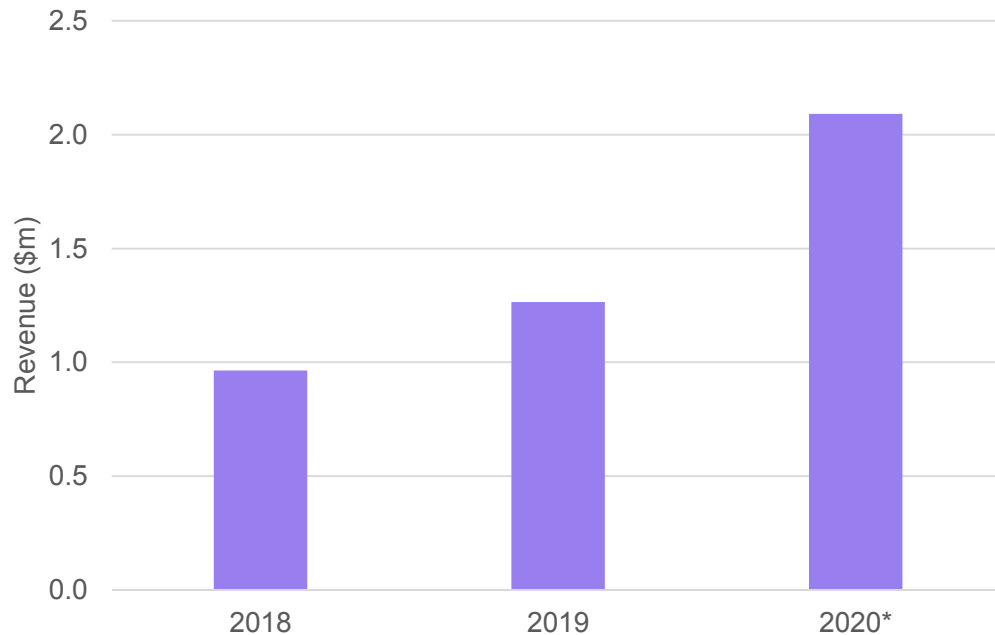


- Globally digital audio revenue is estimated at US\$4.6 billion, or 10% of total global audio advertising revenues.
- Podcasting makes up US\$1.5 billion<sup>1</sup> or 35% of total digital audio revenue with the balance being digital audio advertising revenue.
- Both digital audio and podcast listening have experienced rapid growth.
- Podcast revenues substantially monetised via in-content advertising.

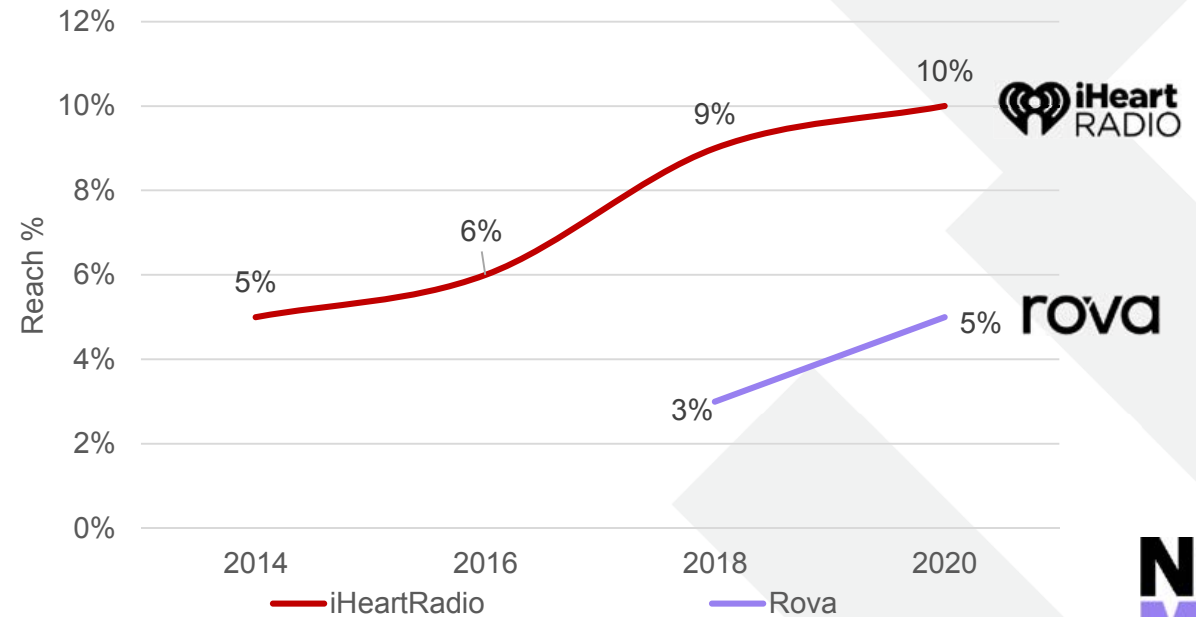
# New Zealand digital radio consumption is following global trends

iHeartRadio represents the majority of New Zealand's digital radio revenue as reported by IAB, and attracts the largest radio streaming audience in the country

New Zealand Digital Radio Market Revenue<sup>1</sup>



Weekly Reach of New Zealand Radio Streaming Sites<sup>2</sup>



**New Zealand's  
leading audio  
company**

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# New Zealand's leading audio company

There are three pillars to the Audio Strategy:



Create New Zealand's  
best local audio content



Grow broadcast and  
digital reach



Grow market revenue  
share and digital  
revenue

# Scorecard

	Current	2023 Target
NZME Share of total audience	35.6% <sup>1</sup>	>1% share point growth per annum
Radio Revenue Share	42% <sup>2</sup>	>1% share point growth per annum
Digital audio revenue as a % of total audio revenue	2%	5%

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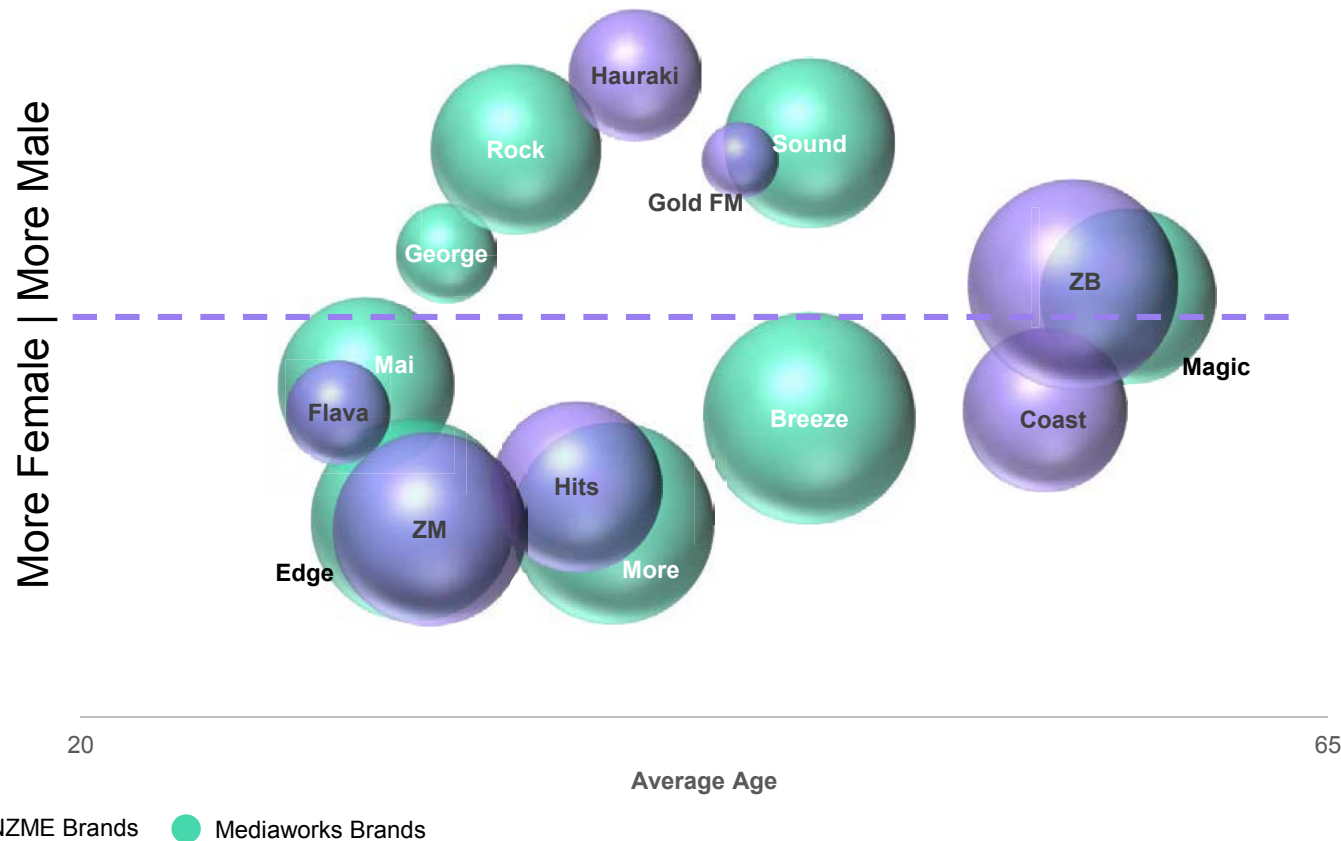
Grow broadcast and  
digital reach



Grow market revenue  
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revenue

# Grow core demographics

Relative Radio Audience Size by Demographic  
NZME and Mediaworks



NZME's radio audience share has been relatively stable but there is a key opportunity to grow core demographics.

# Be the station of choice in each format

- Commenced a review of brand portfolio in Q4 2019:
  - Audience gaps within the existing portfolio were identified;
  - A comprehensive research project was undertaken; and
  - Music format for each station was refined to broaden audience appeal.
- Launched two new networks – Gold (greatest hits) and Gold AM (sport, rural and greatest hits station).
- Result is a portfolio of complementary brands that cover all core demographics with minimal overlap.
- iHeartRadio extends NZME's radio reach and provides a platform for new content formats such as The Alternative Commentary Collective.



# Identify, attract and retain the best talent



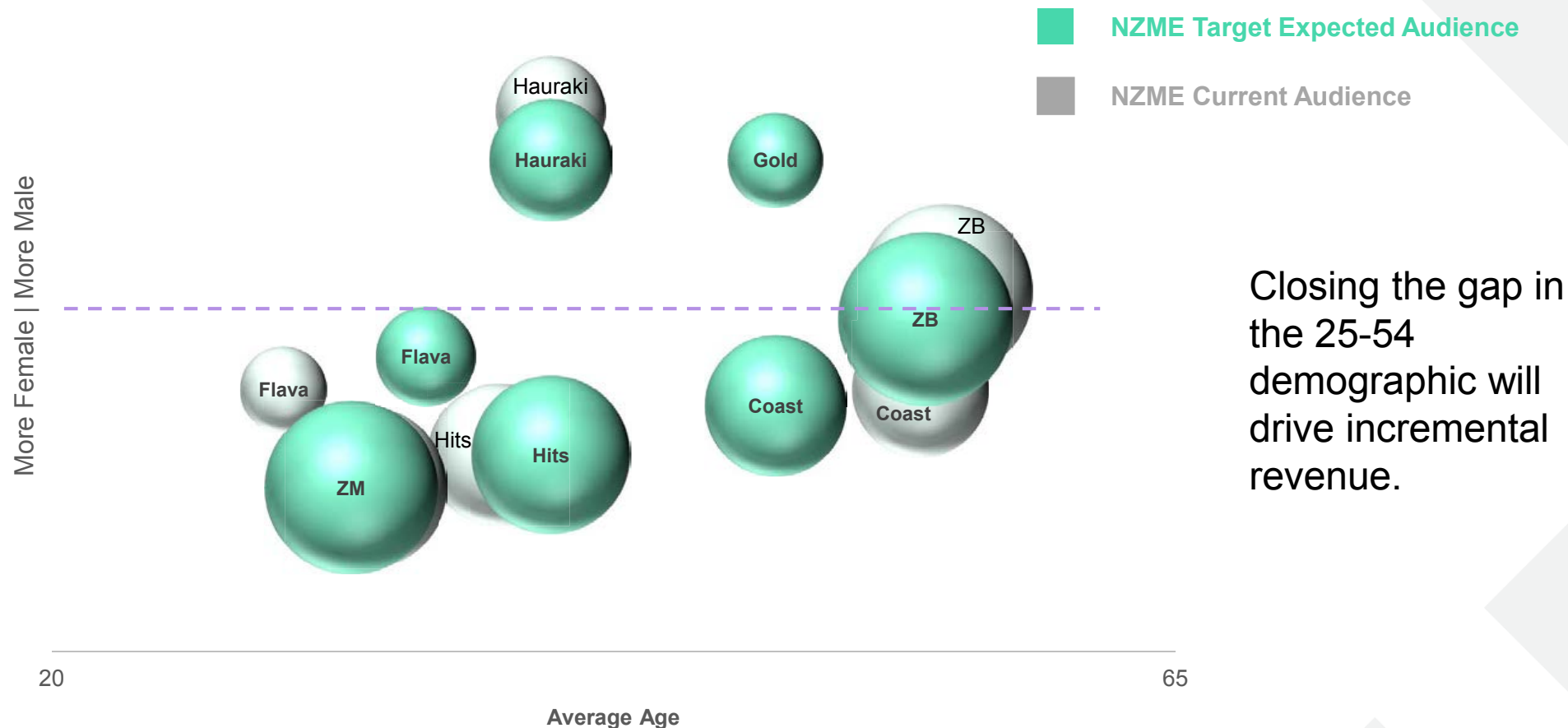
○ REALIGNED NZME TALENT

○ NEW TALENT TO NZME

- Content strategy has delivered a talent line-up made up of some of New Zealand's most popular and well-loved broadcasters, celebrities and personalities.
- Major changes were completed by mid-July 2020 and early feedback has been outstanding – social engagement is higher and momentum is building.
- Talent retention and development program underway for both on-air and off-air talent.
- Enhancing our local presence is increasingly important as audiences crave more local connection in a post-COVID environment.
- Breakfast and Drive shows remain key day parts as the daily commute continues to represent a significant portion of total listening in New Zealand.



# The content changes implemented to date will drive audience growth in the key 25-54 demographic



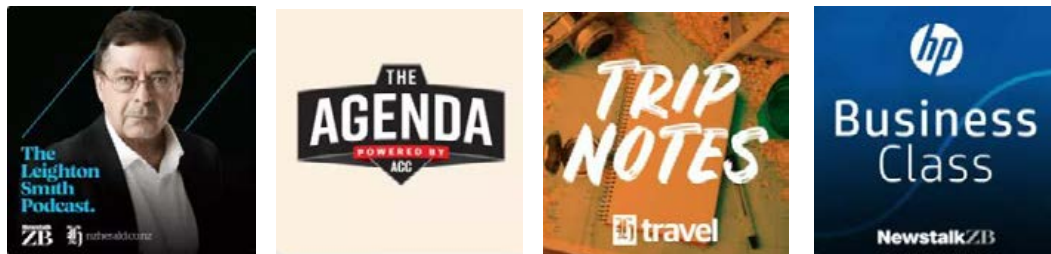
# Position NZME as the leading local podcaster

## NZME Audio on Demand Content



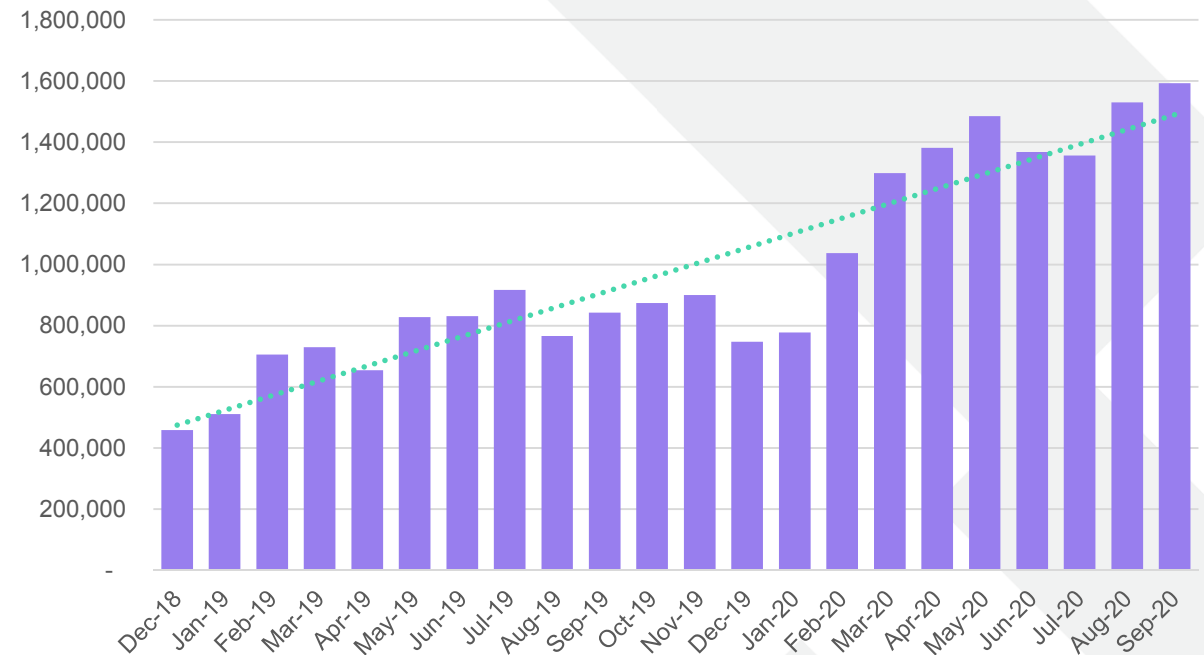
NZME's podcast content stable represents the best of NZME's radio shows and exclusive special features packaged as Audio-on-Demand episodes for catch-up listening.

## NZME Podcast Content – Originals and Bespoke



NZME Originals are unique content, comprising both digital-only offerings and multi-platform content. NZME also delivers bespoke, client-commissioned series utilising our broad stable of talent and wider network.

## NZME Podcast Listens



- NZME's podcast audience is growing rapidly with 1.6 million listens in September 2020<sup>1</sup>.
- NZME Audio-on-Demand podcasts dominate iHeartRadio podcast listening<sup>2</sup>.
- Continued growth in audience and engagement to support Audio revenue growth.

# New Zealand's leading audio company

There are three pillars to the Audio Strategy:



Create New Zealand's  
best local audio content



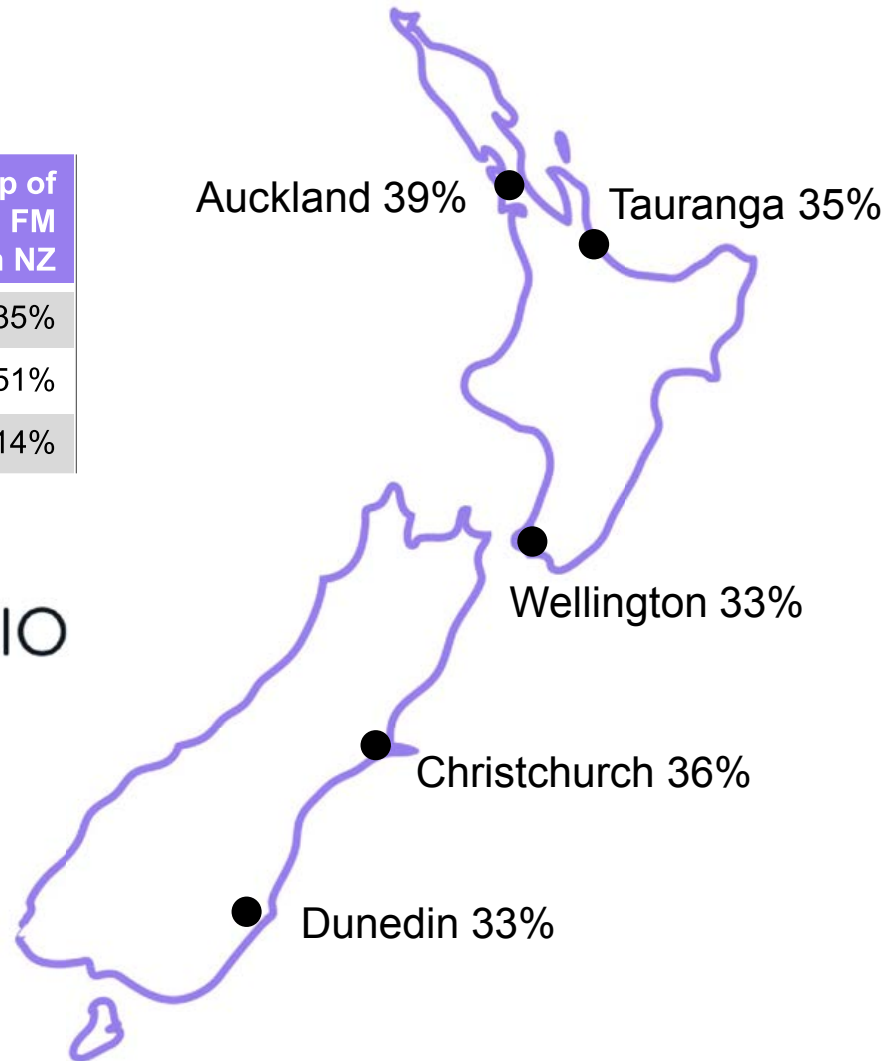
Grow broadcast and  
digital reach



Grow market revenue  
share and digital  
revenue

## Extend national reach through iHeartRadio, strategic frequency acquisitions and investing in local content

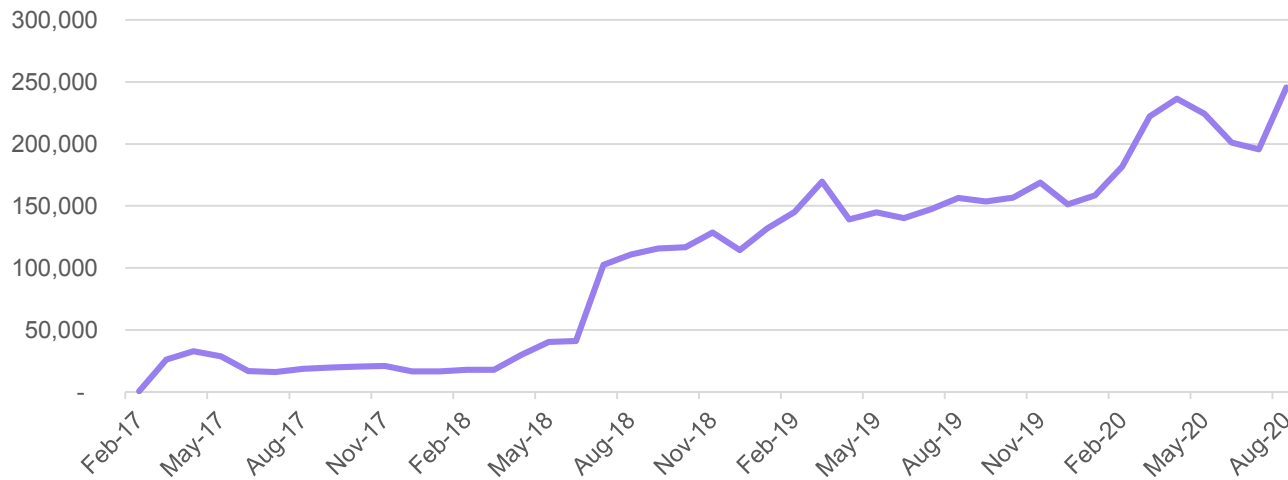
Owner	% ownership of commercial FM frequencies in NZ
NZME	35%
Mediaworks	51%
Other	14%



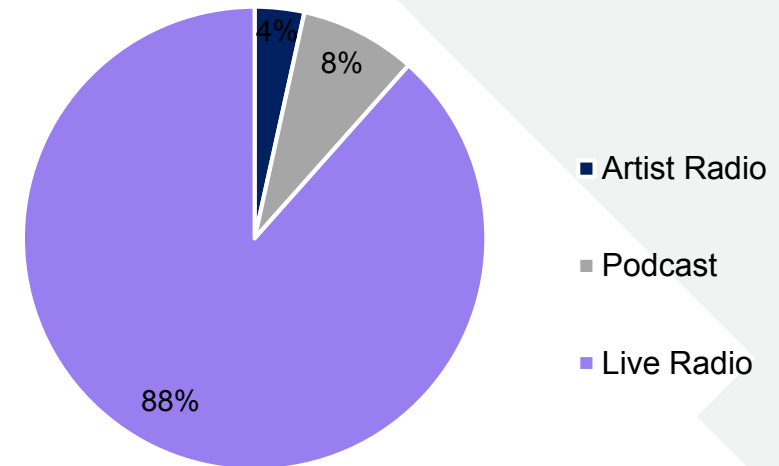
- Across New Zealand NZME holds just over 35% of all commercial FM frequencies. Gold FM and Flava broadcast in limited geographies.
- We will strengthen our national frequency footprint with strategic acquisitions, such as the acquisition of the full powered 105.7FM frequency in Christchurch in August 2020, and ongoing optimisation of our network.
- iHeartRadio complements our terrestrial network and provides nationwide coverage extending our audio reach across the country.

# Accelerate iHeartRadio utilisation including cross-promotion across all of NZME's platforms

iHeartRadio Average Weekly Reach<sup>1</sup>



iHeart Listening by Audio Type<sup>2</sup>



- iHeartRadio is the leading audio live streaming platform in New Zealand<sup>3</sup>.
- 88% of iHeartRadio listenership is to live radio, with NZME's live-stream radio stations comprising the vast majority of listening hours<sup>2</sup>.
- Total listening hours on iHeartRadio for October 2020 were 5.2 million and monthly audience reach was 714,000<sup>1</sup>.
- iHeartRadio's weekly reach has experienced significant audience growth over recent years and now represents 10% of NZME's terrestrial reach<sup>4</sup>.
- Maintaining this momentum using NZME's platforms to promote iHeartRadio is key. Overt promotion and integration across all NZME radio brands 'on air and on iHeartRadio' has made iHeartRadio a household name.
- We are integrating podcast and live radio features on to nzherald.co.nz, the NZ Herald app and our regional sites.

# Maximise the distribution of content across multiple platforms



- Audio content now extends to video, social, mobile and live content.
- Ensuring our content is easily discoverable, wherever the audiences are, and developing strong online followings for our brands, shows and talent.
- Extending the reach of our podcast products by continuing to make them available on all podcatchers.
- Smart speakers represent an opportunity to engage radio listeners in the home:
  - Smart speaker adoption in the US has reached 24%<sup>1</sup> and is growing rapidly, New Zealand will follow suit; and
  - Of those who own smart speakers more than 40% regularly use them to listen to radio<sup>2</sup>.
- Ensuring voice assistant skills (Alexa, Siri) are developed and maintained as technology evolves, to minimise user friction in accessing NZME content.



# New Zealand's leading audio company

There are three pillars to the Audio Strategy:



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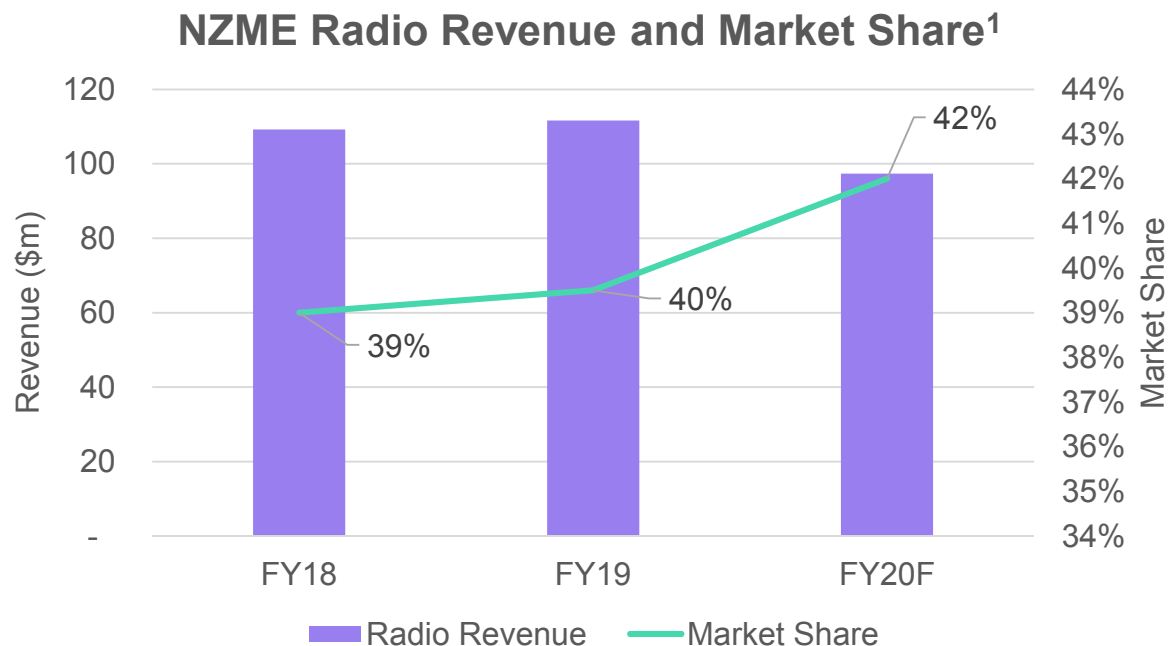
Grow broadcast and  
digital reach



Grow market revenue  
share and digital  
revenue

## Regional New Zealand represents an opportunity for NZME

NZME's share of total commercial radio revenue has been growing since 2018 and is gaining momentum with September 2020 share at 42%<sup>1</sup>



September 2020	Revenue Share %
Auckland	54%
Wellington	47%
Christchurch	36%
Regions	36%
Total	42%

NZME's revenue share exceeds its audience share in all measured markets other than regional New Zealand.

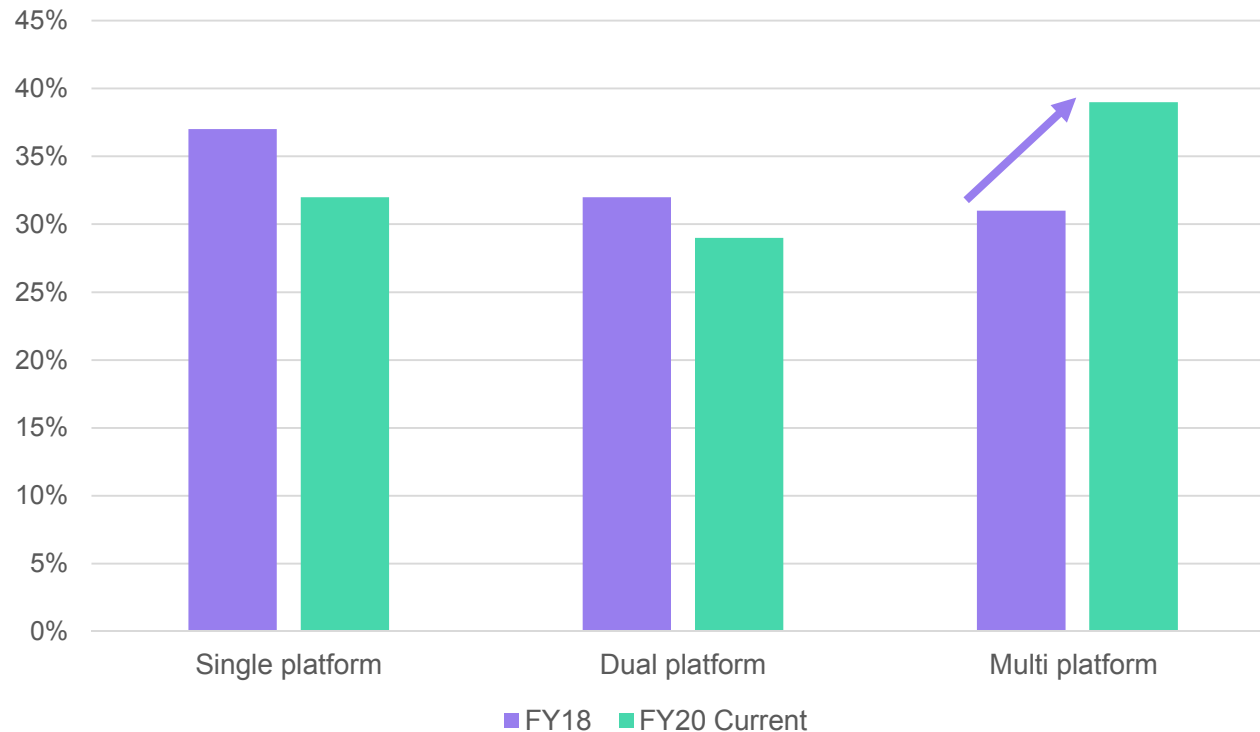
# Enhance sales capability with the best sales talent

- Attract and retain the best sales talent.
- Ongoing Sales Academy focused on best-practice, learning and development.
- Reward and recognition program in place that incentivises customers receiving the benefit of multi-platform bookings, early lay down of bookings, and annual contracted revenue.
- Attracting new business is incentivised and the team is focused on a winning culture.
- Non-metro regions are a key revenue opportunity.



# Further leverage integrated selling

## Multi Platform Revenue Contribution

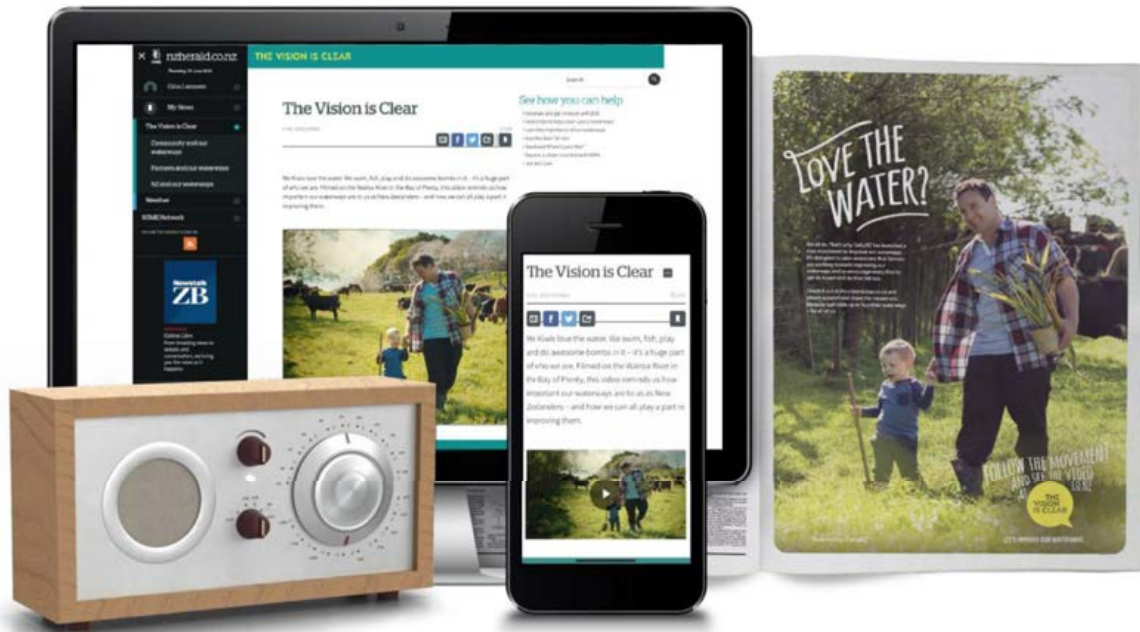


- The combination of print, radio and digital enables NZME to leverage the power of the combined audience to achieve reach and value outcomes for customers.
- Significant efficiencies in content, creative, production, marketing, customer service and administration arise from multi-platform ownership.
- We have grown our multi-platform value with 39% of our revenue now sitting across all three platforms.



# Case study: DairyNZ – The Vision is Clear

This sustained multi-platform campaign utilised the NZME product portfolio with a powerful mix of content, activations and advertising to regain trust and measurable social change.



## NZME TOUCHPOINTS

- Long and short-form videos
- Radio spots across the network
- Press ads
- Digital banners and mobile assets
- Social media posts across NZME assets
- Radio integration - promotions/activations
- Radio announcer liners (live reads)
- Thought-provoking native content stories

*“Less than a year after The Vision is Clear movement launched, research showed that our three-year goal had not only been met, but also exceeded”*

# Lead the industry in digital audio monetisation

## iHeartRadio Digital Advertising Products



### Second Screen

Retarget users exposed to the audio ad on other websites and apps.



### Dynamic Creative

Tailor your creative based on multiple data points such as location, behavioural data, time of day, etc.



### ShakeMe

Users shake their mobile or smartwatch with a Call To Action directly into your audio spot.



### Voice Interaction

Engage with the listener using voice commands.



### Sequential Messaging

Use different ads, placed sequentially in different ad breaks for effective storytelling.



### Audio

Deliver audio ads across different positions and lengths.



### Audio + Display

Add a companion ad and show it whilst the audio ad is playing.



### Audio to Audio RTG

Retarget users exposed to the audio ad.



### In App Notifications

*New:* Customise your in-app message with call to action.



### Audio + Digital Out Of Home

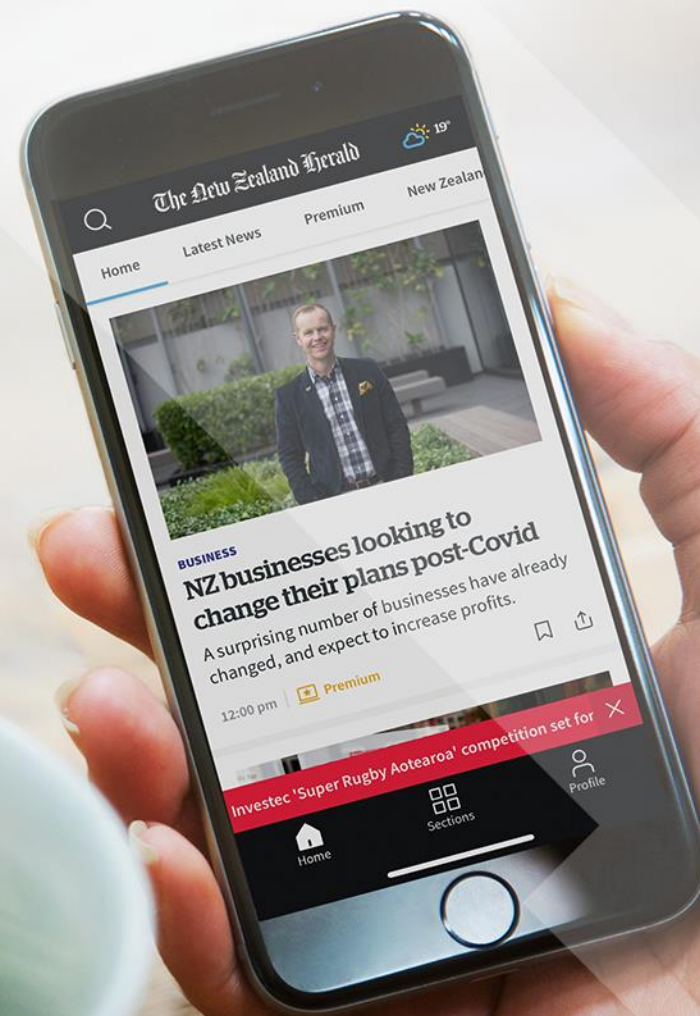
*Coming soon:* Target your Audio Ad to users close to DOOH.

- Advertisers are seeking more engaging ways of interacting with audiences.
- Digital audio provides unique opportunities to engage listeners.
- NZME leads the New Zealand market in digital audio ad technology.
- Keeping at the forefront of digital audio ad-tech is critical to maintaining our market leading position.

# Scorecard

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NZME Share of total audience	35.6% <sup>1</sup>	>1% share point growth per annum
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# 4. Publishing



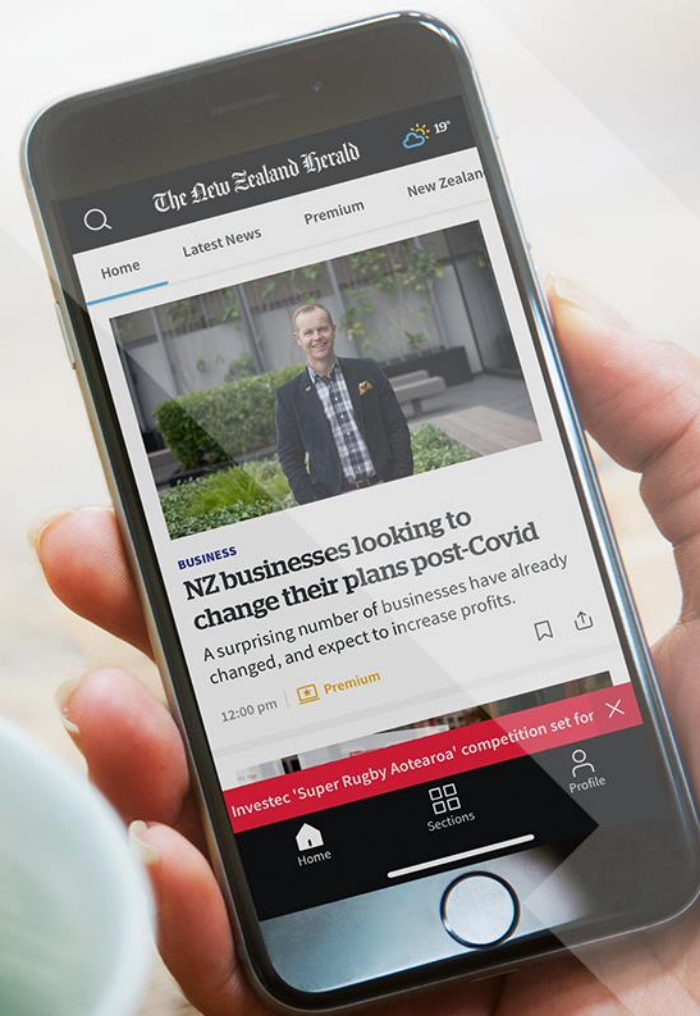


# 4. Publishing

**Shayne Currie**  
**Managing Editor**



# 4. Publishing



# NZ Herald becomes New Zealand's Herald

**NZ  
ME.**

NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT



# NZ Herald becomes NZ's Herald

There are three pillars to the Publishing Strategy:

## AUDIENCE



The #1 News brand  
for all New  
Zealanders

## SUBSCRIBERS



Subscriber first

## ADVERTISING



Be a safe, scalable  
destination for  
advertisers

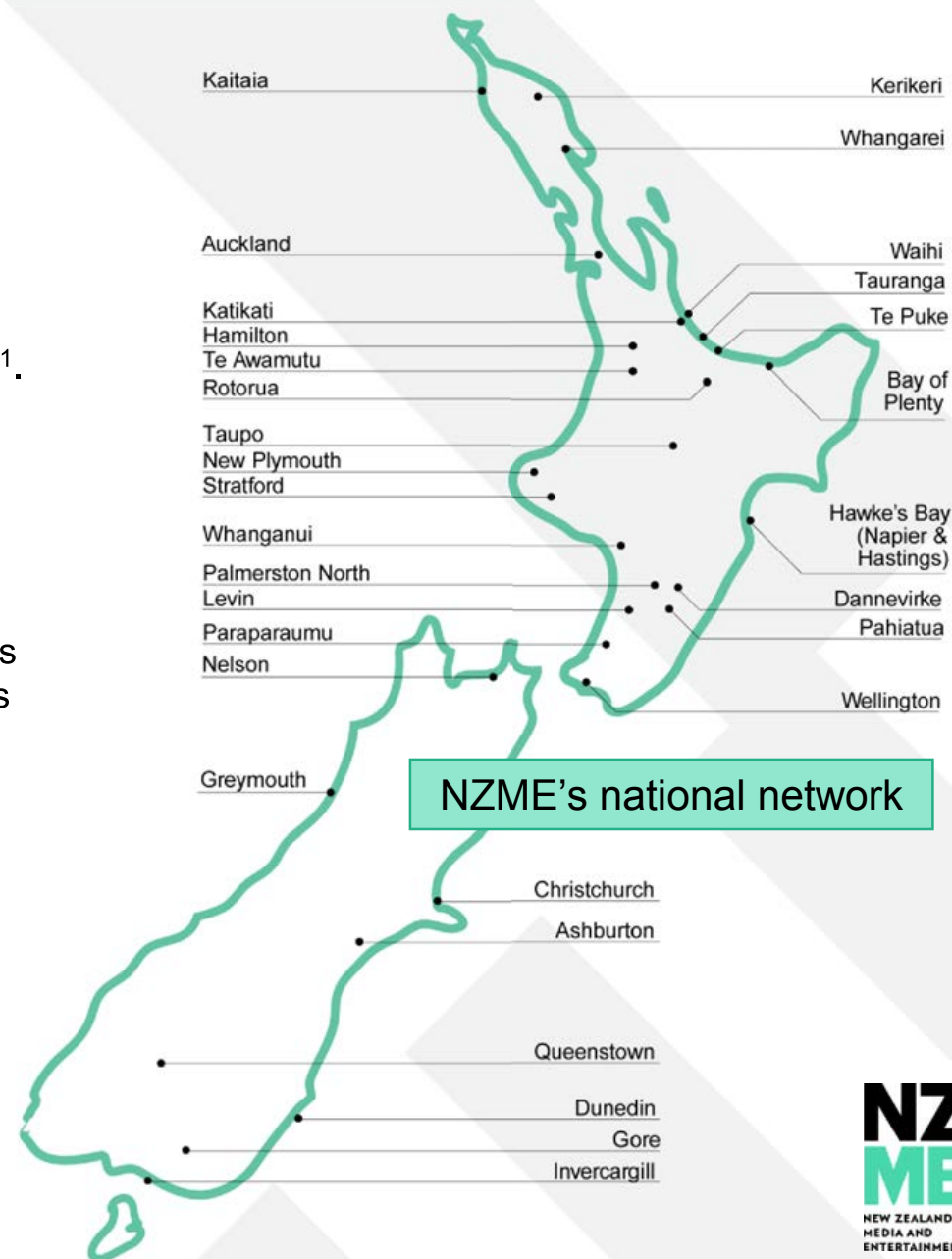


# We've got NZ covered

- NZME is New Zealand's leading Kiwi media company, with an unrivalled portfolio of platforms – digital, radio, print, video, social – to tell the best New Zealand stories. We connect with more than 3.2 million Kiwis across the country<sup>1</sup>.



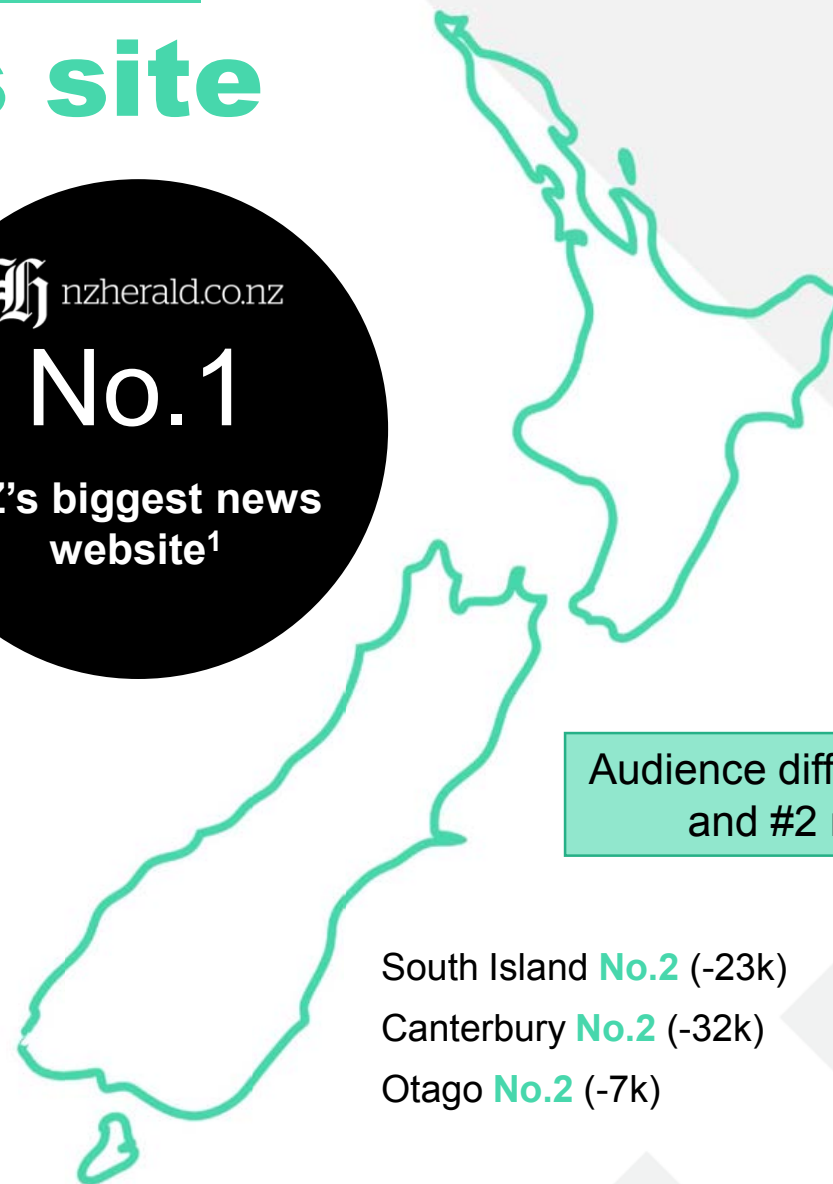
- Led by the powerhouse NZ Herald and Newstalk ZB news brands, our 24/7 news operation has New Zealand covered, connecting with more than 2.5 million Kiwis across the country<sup>1</sup>.
- Our 300 editorial staff, part of a nationwide team of 1,200 NZMEers, are backed up by partnerships with leading and diverse New Zealand partners.



# NZ's largest news site



- NZ's largest news website: **1.7 million** people each month<sup>1</sup>.
- NZ's biggest daily newspaper: **546k** people (Mon-Sat), with the Weekend Herald reaching **633k** readers every Saturday<sup>2</sup>.
- NZ's biggest Sunday newspaper, the Herald on Sunday (**354k** readers)<sup>2</sup>.
- NZ's biggest commercial radio station – Newstalk ZB, with a fast-rising share and an overall cumulative audience of more than **600,000** people<sup>3</sup>.
- Biggest share of regional newspaper readership<sup>2</sup>.
- NZ's biggest newspaper magazine – Tuesday Travel with **417,000** readers<sup>2</sup>.
- NZ Herald Facebook followers: **1.1 million**<sup>4</sup>.



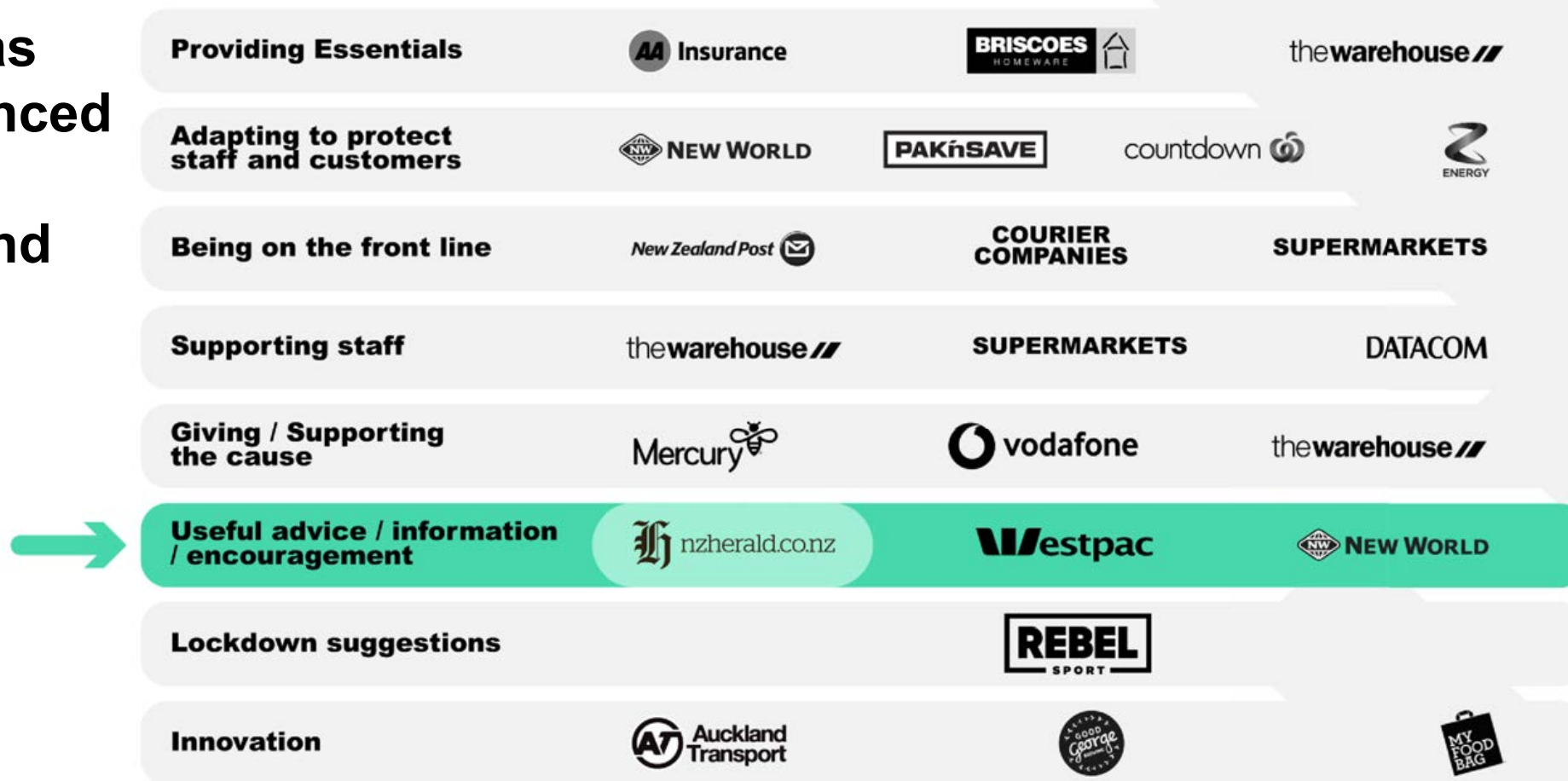
Northland **No.2** (-1k)  
Auckland **No.1** (+108k)  
Waikato **No.1** (+2k)  
Bay of Plenty **No.1** (+33k)  
Gisborne No.1  
Hawke's Bay **No.1** (+9k)  
Taranaki **No.2** (-10k)  
Wellington **No.2** (-55k)

Audience differential between #1 and #2 news websites

South Island **No.2** (-23k)  
Canterbury **No.2** (-32k)  
Otago **No.2** (-7k)

# The role of journalism has never been more important

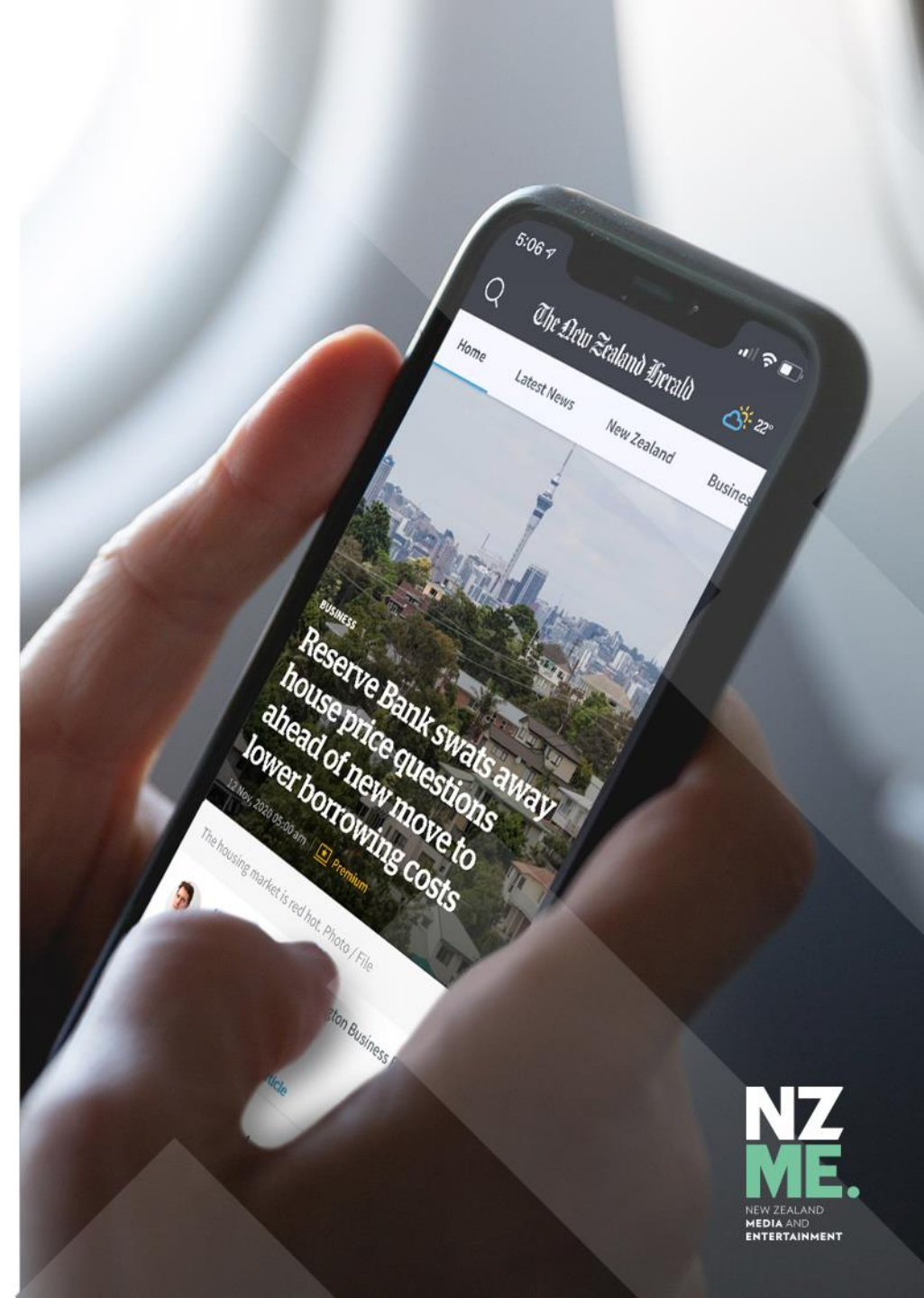
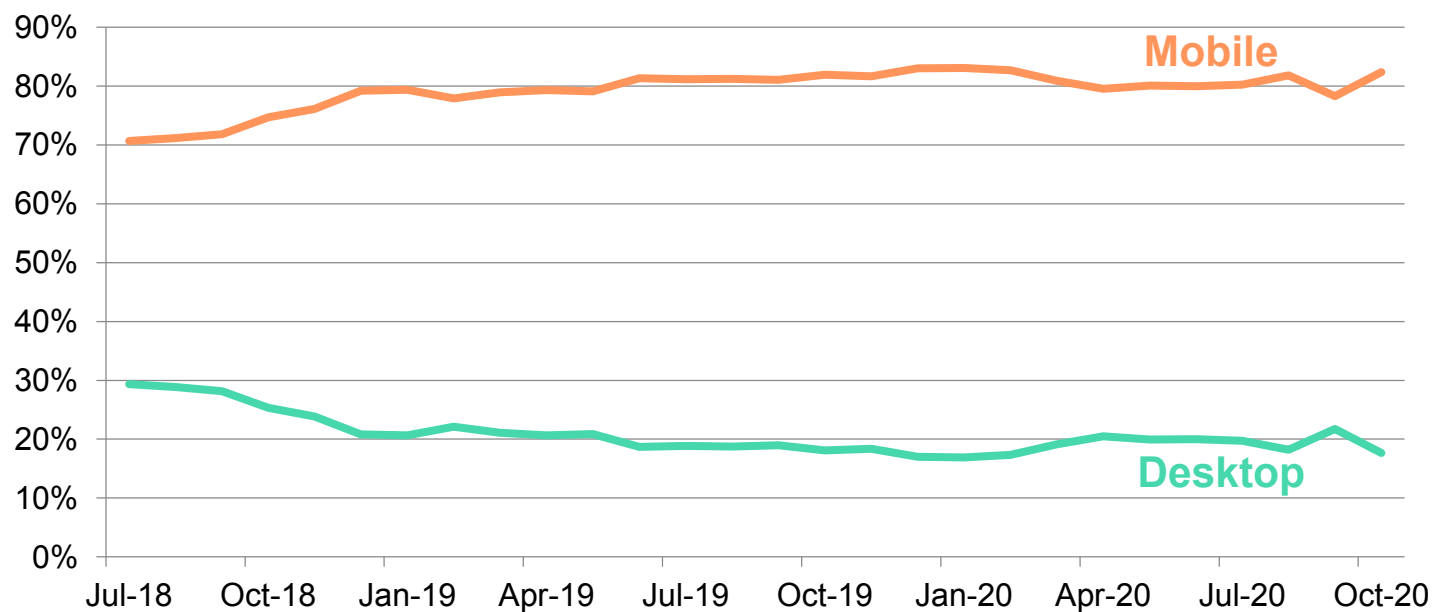
Covid-19 has led to enhanced business ingenuity and humanity



# Our audience is becoming more mobile

80 per cent of nzherald.co.nz's daily 1-million-plus audience are accessing us on mobile devices – that's where the magic of NZME lies

nzherald.co.nz Desktop vs Mobile Audience Split





# The #1 News brand for all New Zealanders

**Growing our audience**



**On the Move:  
Mobile-first storytelling**



**A Premium destination:  
The best is yet to come**



**Tools and technology to  
support growth objectives**



# Growing our local and national audience

- A bold plan to grow and leverage New Zealand's Herald, building our community connection – including exploring new regional mastheads.
- Content plans and partnerships that reflect modern-day New Zealand.
- The Power of NZME's One Newsroom strategy - using our unrivalled portfolio of platforms.
- Grow local audiences with increased resources in:
  1. Wellington;
  2. Christchurch; and
  3. the South Island.
- Personalised and local home pages.

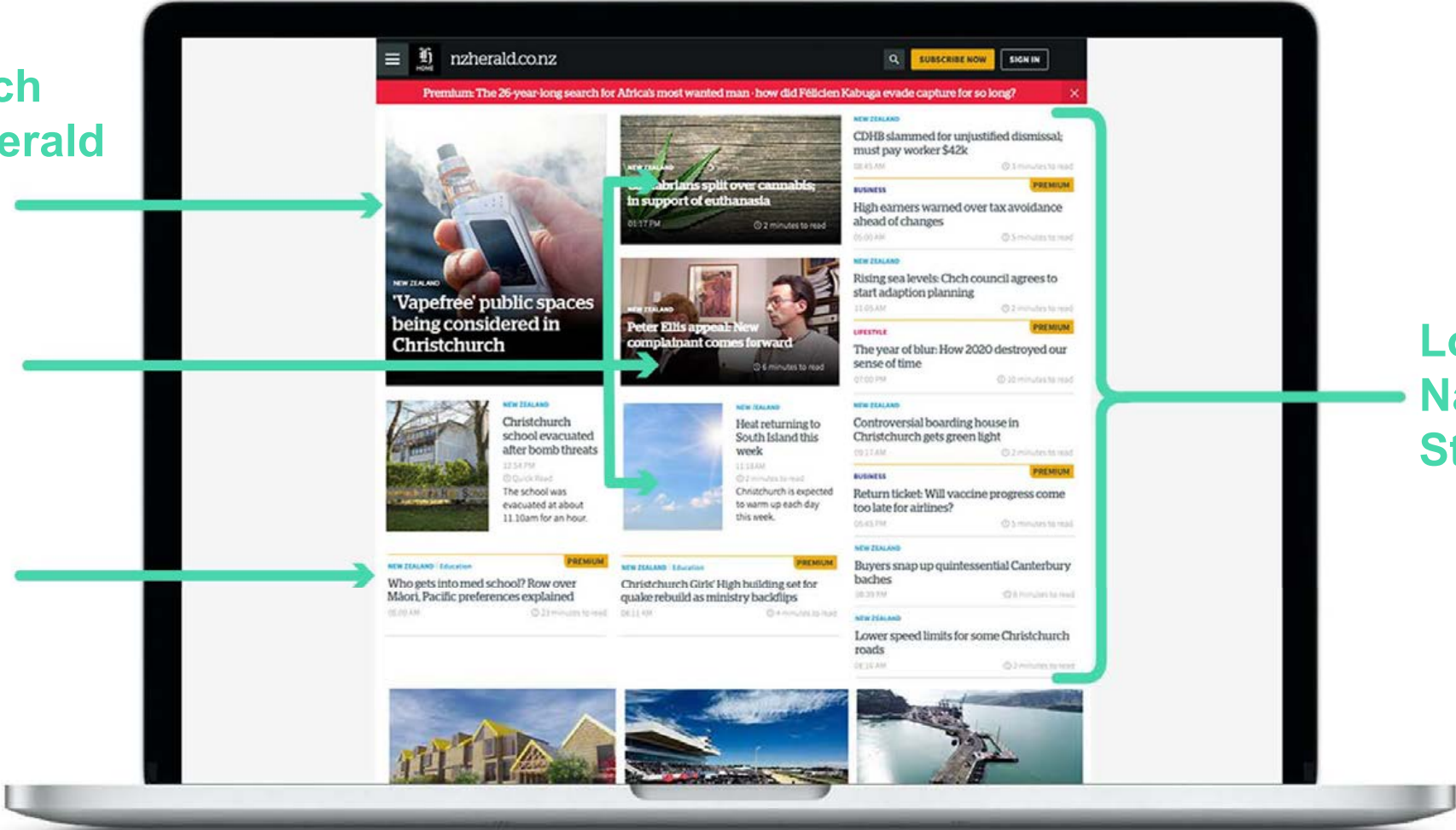


# Localised homepages to lift engagement

Christchurch  
Local NZ Herald  
Homepage

Local  
Stories

NZ Herald  
Premium  
Content



Local /  
National  
Stories



# Enabling our people to tell stories mobile-first

- Developing our storytellers and our journalism.
- Arming our journalists with the best tools and data to deliver journalism for the right time of hour, day and week.
- Personalising the news.
- Enhanced video storytelling.







# Premium storytelling: The best is yet to come

- Building business, political and investigative journalism.
- New content verticals – sport, puzzles and quizzes, food/drink, travel.
- New partnerships that offer diverse content and storytelling.
- The best digital tools in the business – Washington Post's Arc Platform, AI curation, personalised news feeds.
- Premium Plus – money-can't-buy access to our experts.
- Delivered by the biggest, most trusted news brands in New Zealand, led by New Zealand's Herald.

# Digital acceleration

## Delivered in 2020

New Mobile Application

Braze integration

Subscriptions in the App

Content Recommendation engine

Cutover to PageBuilder Fusion

Rollout of Multisite

URL restructure



## 2021 and Beyond

Registration and engagement drivers

New Video destination

New subscription products

New Local sites

Editorial automation

Content management system upgrade

# NZ Herald becomes NZ's Herald

There are three pillars to the Publishing Strategy:

## AUDIENCE



The #1 News brand  
for all New  
Zealanders

## SUBSCRIBERS



Subscriber first

## ADVERTISING



Be a safe, scalable  
destination for  
advertisers



A portrait of Matthew Wilson, a middle-aged man with short, light brown hair, smiling. He is wearing a dark grey suit jacket over a light blue and white striped collared shirt. The background is a blurred indoor event space with various lights and structures.

**4.**

# **Publishing**

**Matthew Wilson**  
**Chief Operations Officer**



# NZ Herald becomes NZ's Herald

There are three pillars to the Publishing Strategy:

## AUDIENCE



The #1 News brand  
for all New  
Zealanders

## SUBSCRIBERS



Subscriber first

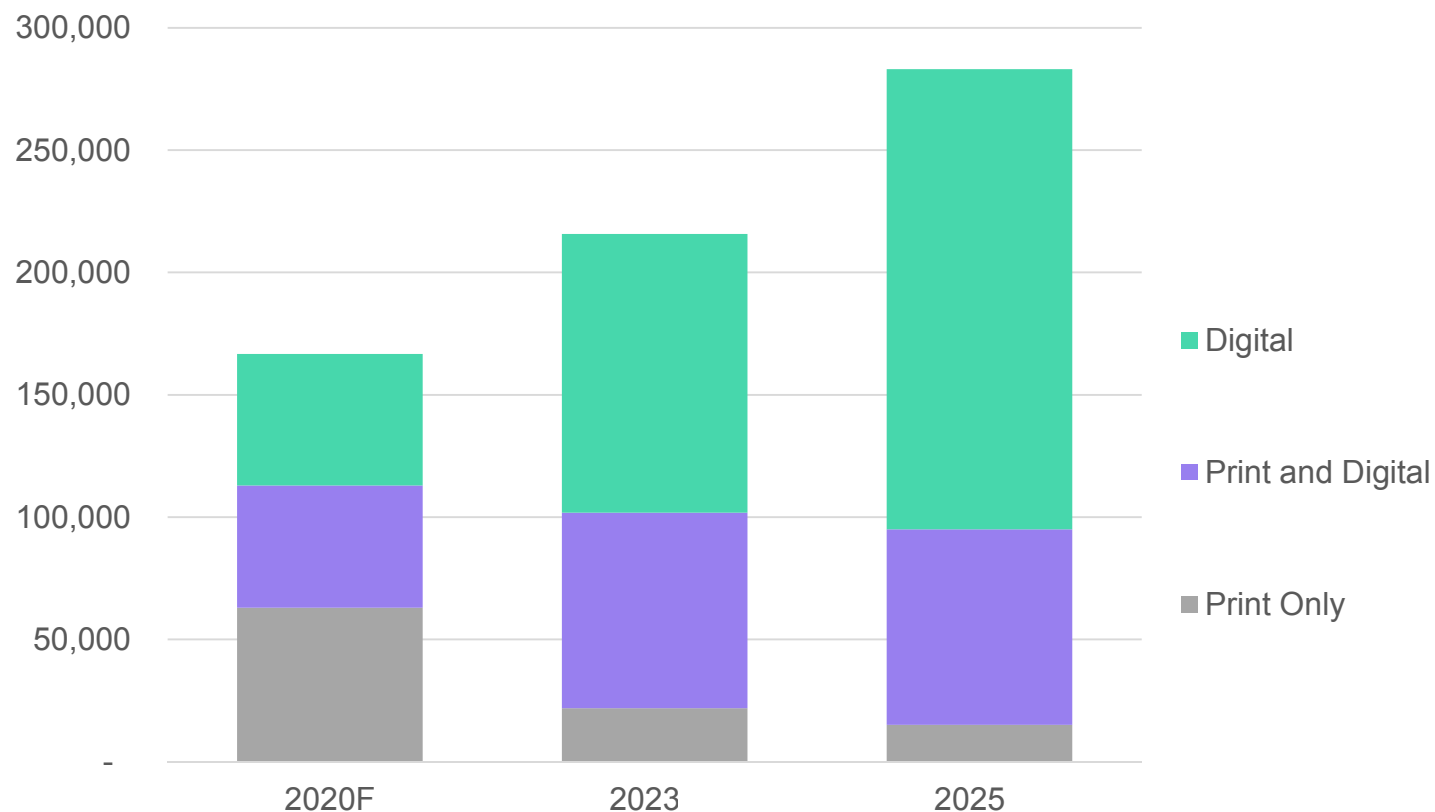
## ADVERTISING



Be a safe, scalable  
destination for  
advertisers

# Scorecard – 2023 and beyond targets

Target Subscriber Growth



- Digital only subscriptions exceed print subscriptions in 2023.
- More than 210,000 subscribers by the end of 2023.
- Over 15% of NZ households subscribing to NZ Herald, in print or digital, by the end of 2025.

# Focus on all subscribers



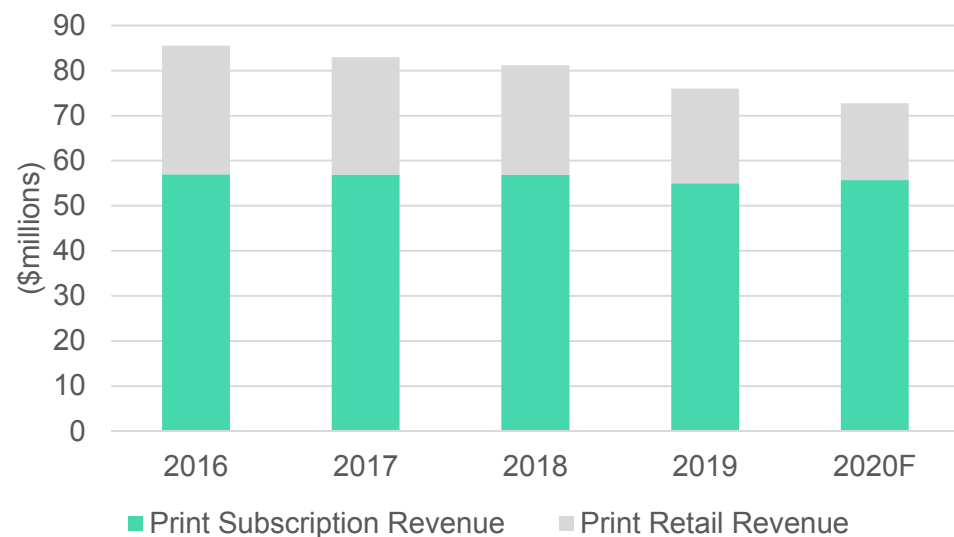
## 1. Maintain Print Subscribers



## 2. Digital Subscriber Acceleration

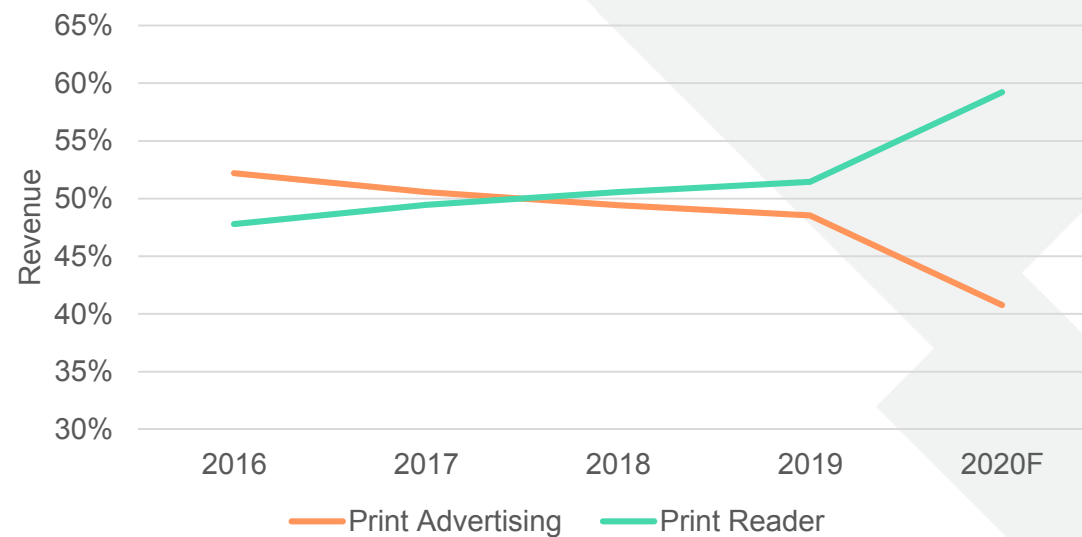
# Print reader revenues have overtaken print advertising revenue

Print Reader Revenue Trend 2016 to 2020F



- Subscriber revenue stable (CAGR -0.6%).
- Retail revenue decline was accelerated by Covid-19 lockdowns (CAGR -12%).
- Subscriptions now over 75% of Print Reader Revenue and growing.

Print Reader Revenue Tipping Point

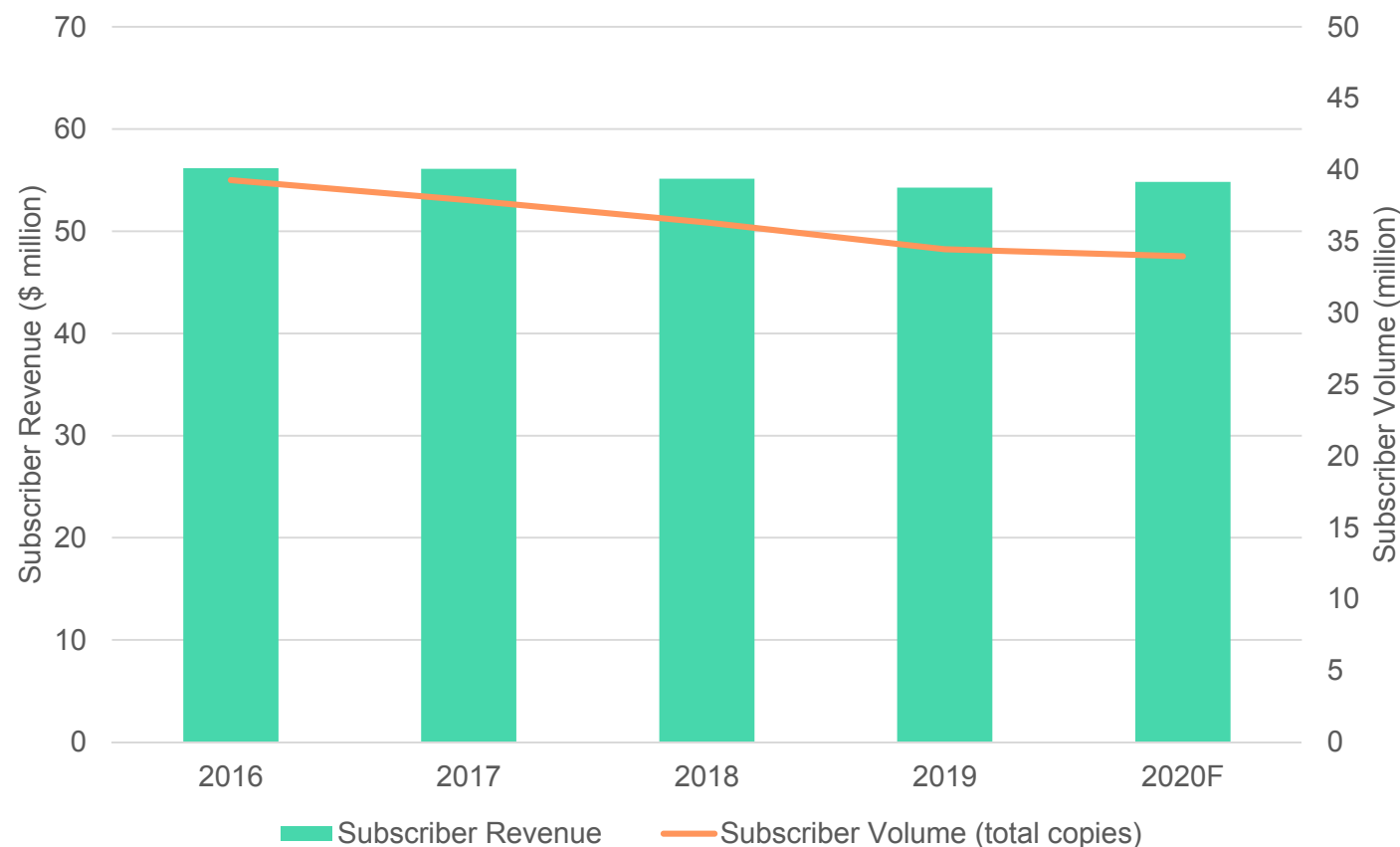


- Print reader revenue overtook advertising revenue in 2018.
- 2020 print advertising impacted by Covid-19.
- Print advertising expected to partially recover but not expected to top reader revenue again.



# Print subscriber revenue has been stable

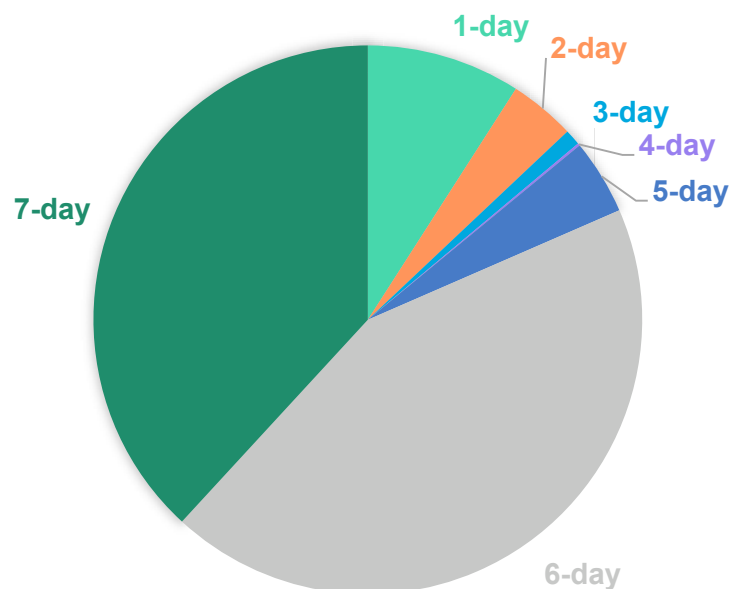
Print Subscriber Revenue and Volume Trend



- Subscriber volumes have declined by 13% since 2016.
- Subscriber volume stabilised in 2020 during lockdowns.
- Yield increases of 11% have substantially offset volume decline.

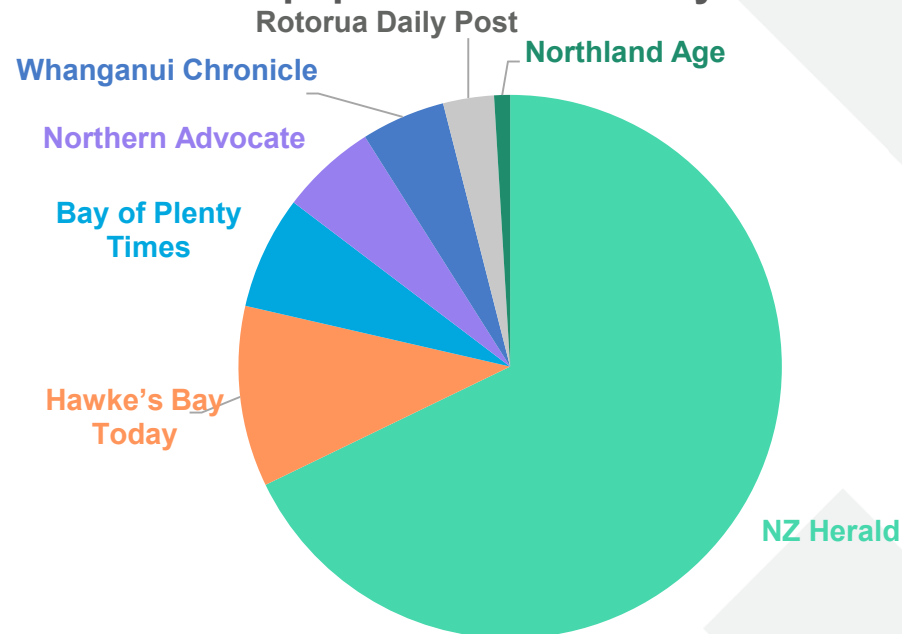
# Subscribers are predominantly buying 6+ days – a strong habit has formed

Subscribers by Delivery Frequency



Over 81% of subscribers receive the paper 6 or 7 days per week.

Newspaper Subscribers by Title



NZ Herald makes up over two-thirds of NZME subscriber base.

# Three strategies to maintain print subscribers



**1. Continue  
Acquiring  
Customers**



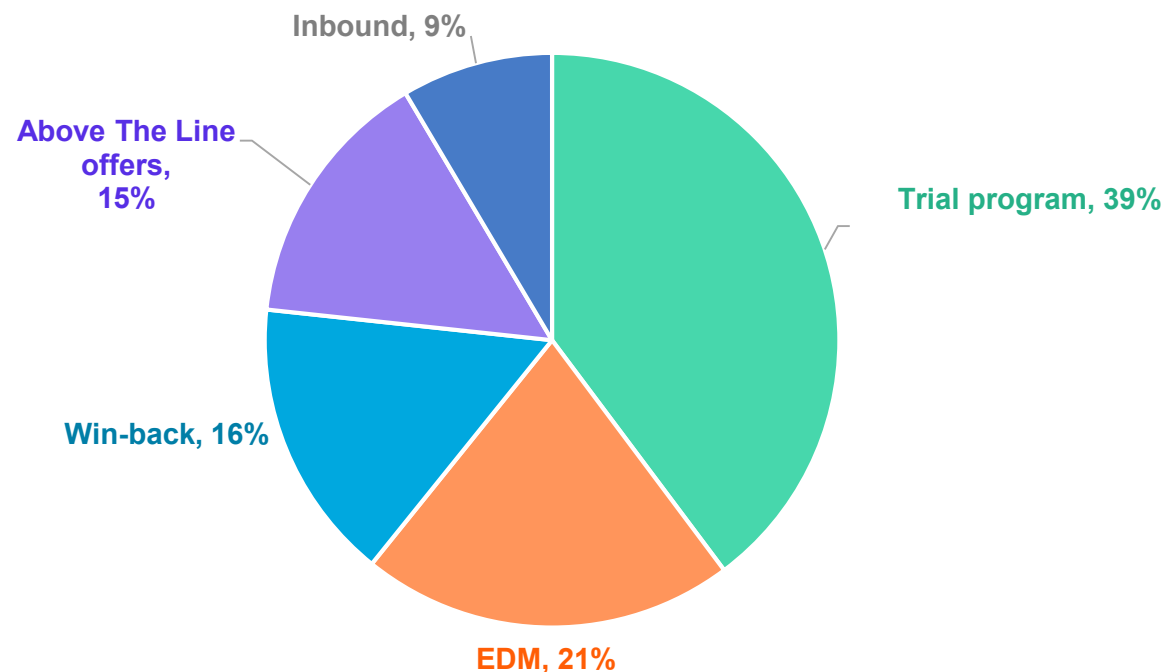
**2. Improve  
Customer  
Retention**



**3. Manage  
Customer  
Yield**

# Continue to actively sell print subscriptions

Print Subscriber Acquisition Summary



- Optimise free trial program to warm up leads for direct conversion to paid.
- “Always on” multichannel above the line gift with purchase offers.
- Free access to NZ Herald Premium is included in a free print trial – this has increased conversion to paid subscription.

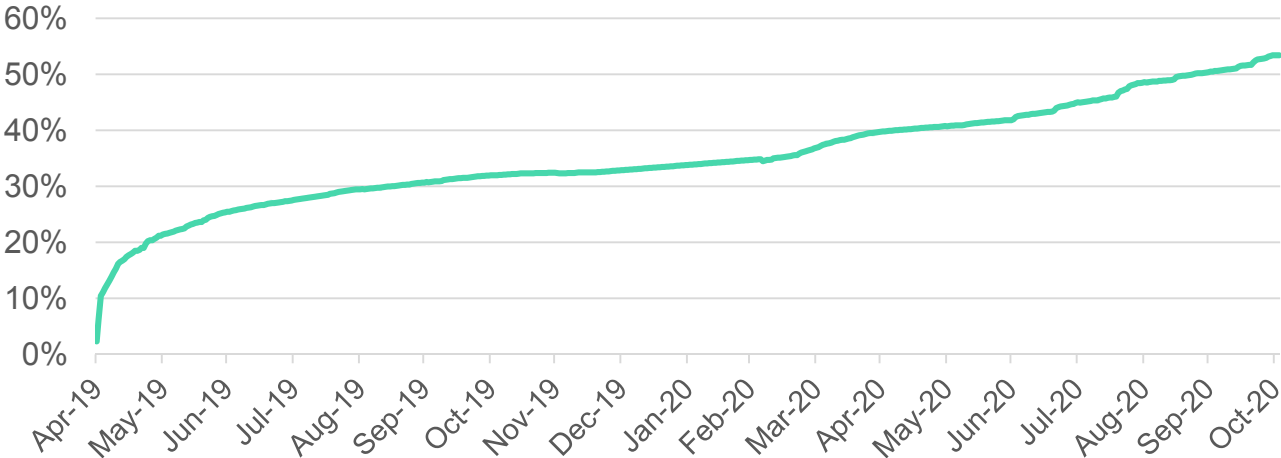


# Continue to improve retention with NZ Herald Premium activation

	Active Subscribers	Annual Retention %
< 1 Year	12,861	63.3%
1-2 Years	9,563	70.6%
2-3 Years	8,655	82.2%
3-4 Years	7,678	85.2%
5 Years +	73,562	90.3%
<b>Total</b>	<b>112,319</b>	<b>84.4%</b>

- Reduce subscriber ‘moments of truth’ – renewal, credit card expiries, improve self service, distribution service levels.
- Maintain retention team save rates over 45%.
- Maximise participation in subscriber benefits program.
- Print Product improvement - national + local + lifestyle.

NZ Herald Premium Activations as a % of Print Entitled Subscribers

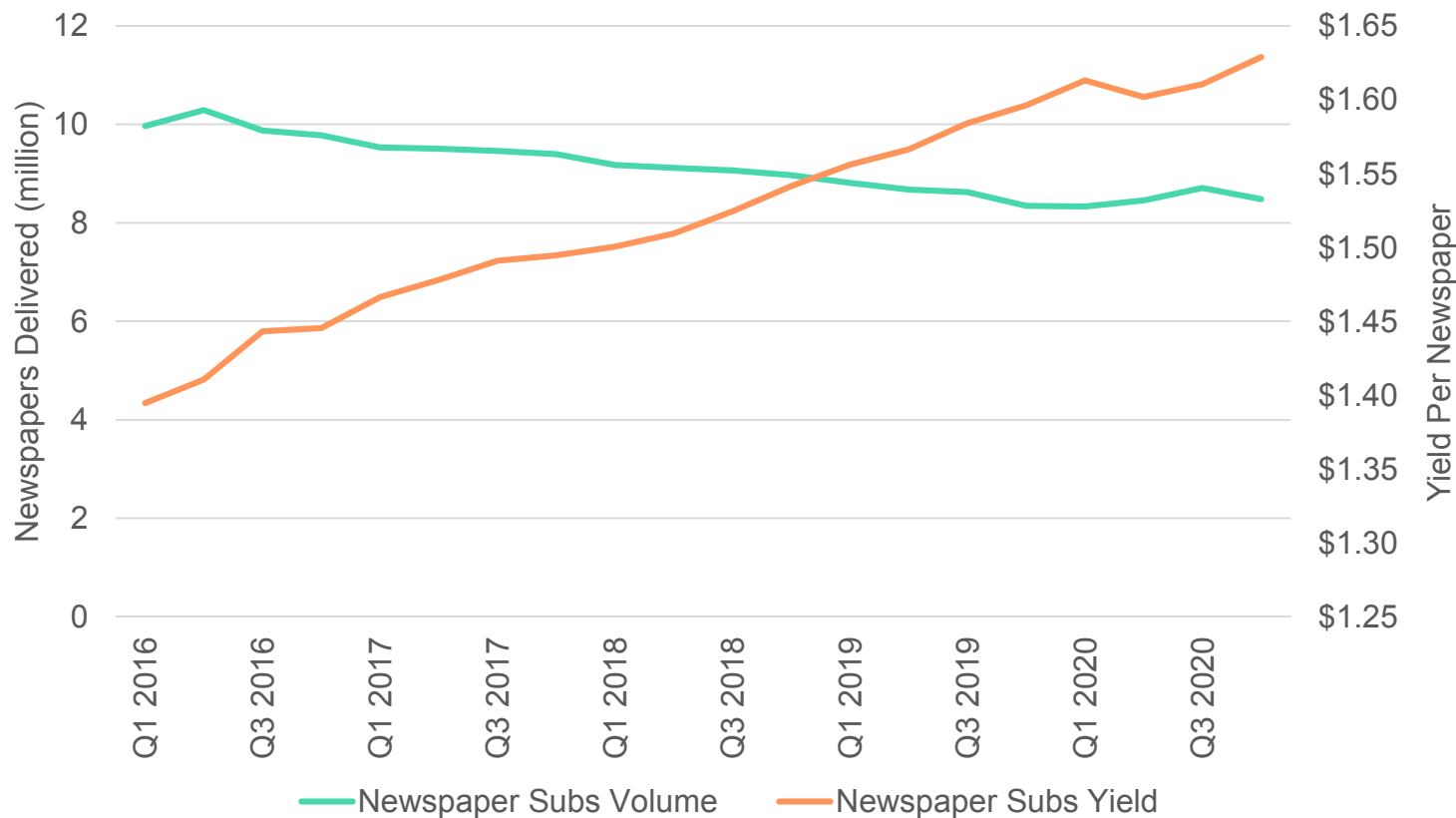


- Print subscribers of 5+ days are entitled to free NZ Herald Premium access, 53% have now activated this entitlement.
- Churn on activated digital subscribers is 8% lower than those that have not utilised their entitlement.
- Continue NZ Herald Premium activation and engagement to improve retention of print subscribers.



# Yield continues to be optimised

Print Subscription Volume vs. Yield 2016 - 2020



- Cover price of NZ Herald is \$3.50 on weekdays and \$4.00 on weekends (incl. GST).
- Continued refinement of successful Mather Economics yield management program:
  - Add Premium usage segmentation into yield management program;
  - Continued cover price reviews; and
  - Retention team integration.
- Reduce holiday stop credits for active NZ Herald Premium users.

# Focus on all subscribers



## 1. Maintain Print Subscribers



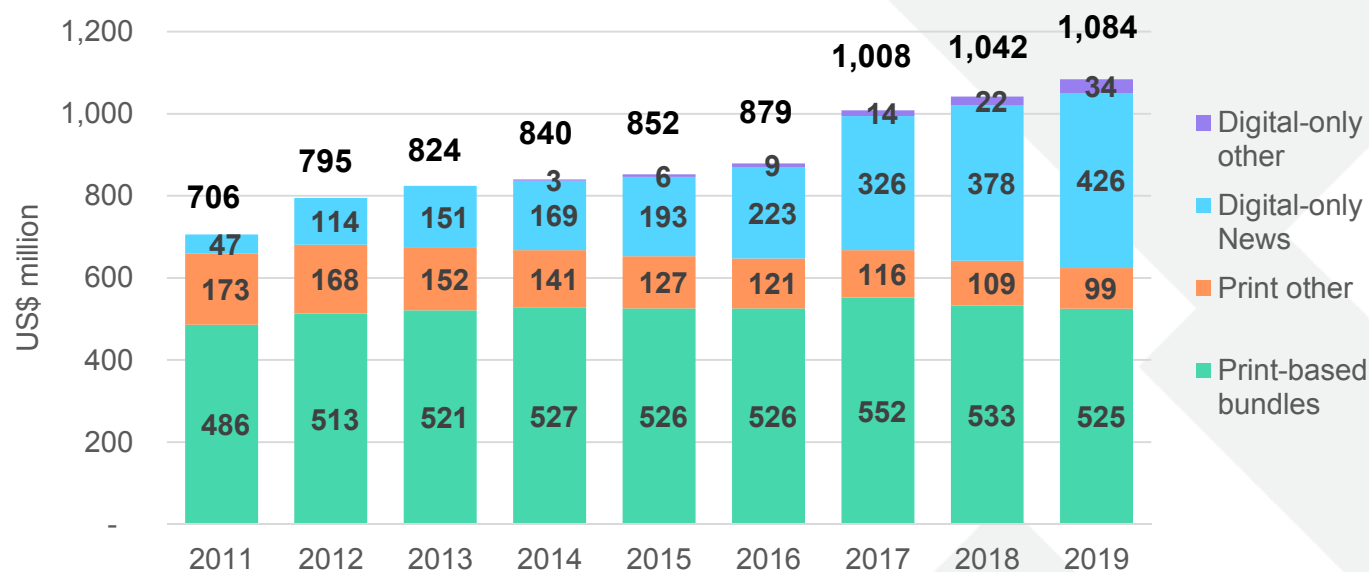
## 2. Digital Subscriber Acceleration

# Global publishers are proving the digital subscription business model

## The New York Times Digital Metrics<sup>1</sup>:

- Total subscribers (Print + Digital) 2% of USA population or 4.2% of average monthly unique audience (151m).
- Digital subscription revenue approaching print circulation revenue.
- NYT Digital ARPU<sup>3</sup> US\$80 per annum, Print US\$583 per annum.
- NZ Herald Digital ARPU<sup>3</sup> NZ\$184 per annum, Print NZ\$511 per annum.

## The New York Times Subscription Revenues<sup>1</sup>

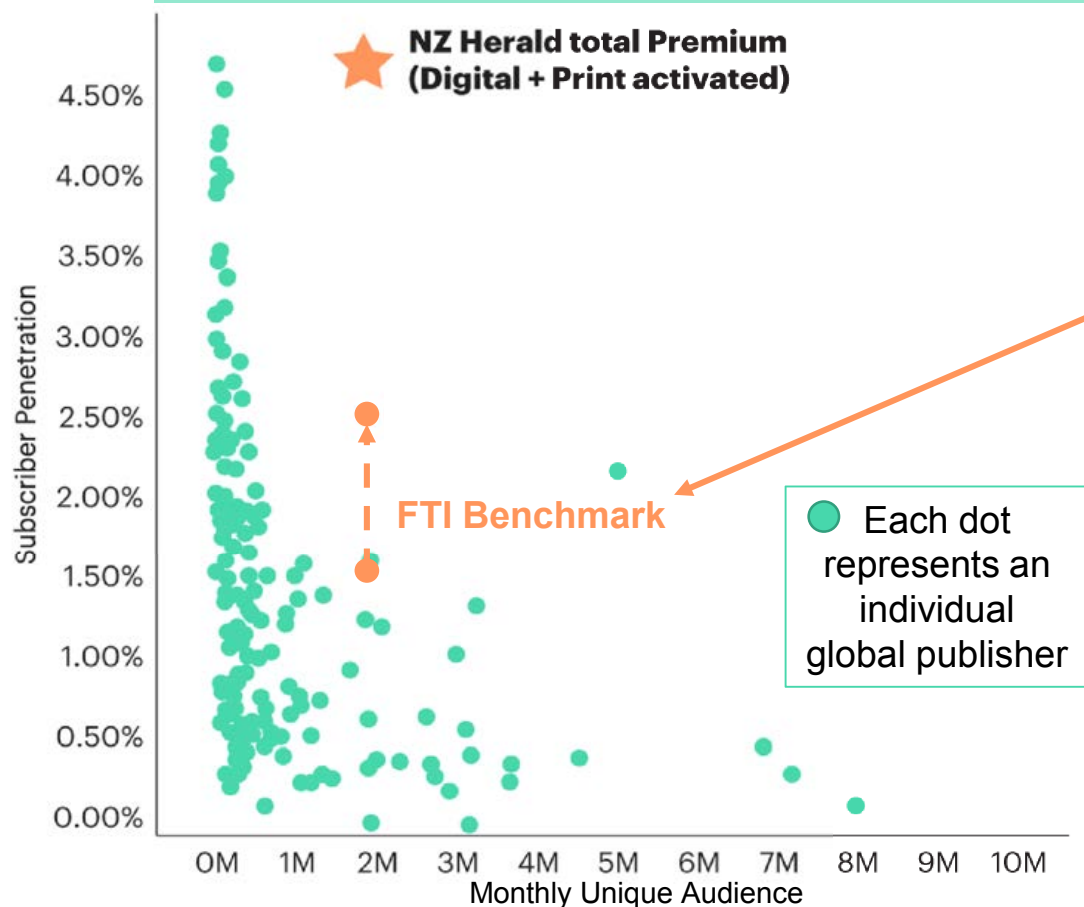


	Digital Subs	% HH <sup>4</sup>	% Population	% UA <sup>5</sup>
New York Times <sup>1</sup>	6,500,000	5.0%	2.0%	4.2%
News Corp Australia <sup>2</sup>	647,600	7.0%	2.6%	3.9%
The Times & Sunday Times <sup>2</sup>	336,000	1.2%	0.6%	3.8%



# NZ Herald Premium performing well vs. global publishers

Avg. Monthly UAs vs. Subscriber Penetration



Subscriber Penetration =  
Subscribers (Cumulative) / UAs (Monthly)

## FTI CONSULTING BENCHMARK

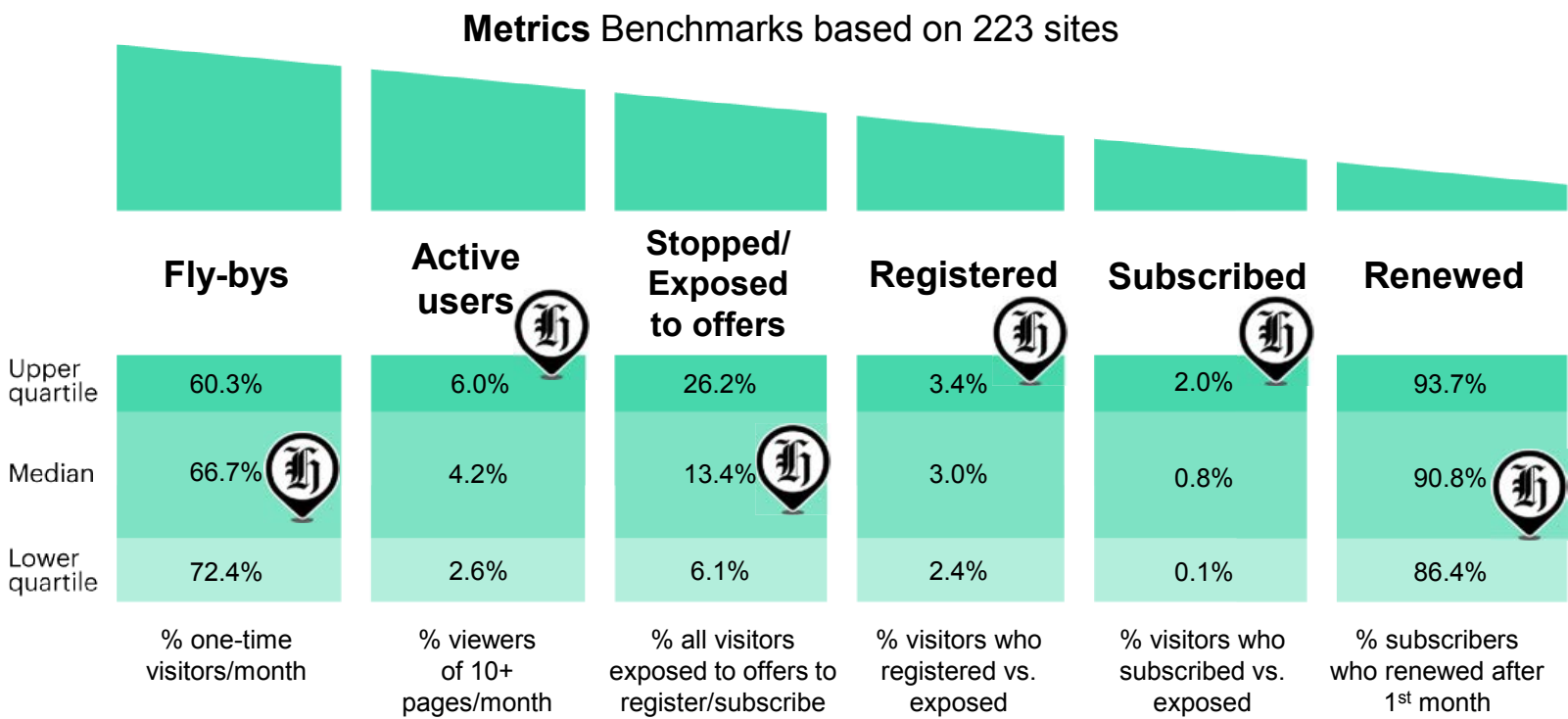
- Target 1.5% - 2.0% in the immediate term; 2.5%+ in the long term

## INMA Readers First – on NZH Premium

“It is higher than the 3% enjoyed by the industry leaders, such as The New York Times (after nine years) and higher than the industry benchmarks of 2%-4% based on studies by FTI Consulting and Mather Economics.”

**Commentary Source: INMA September 2020**

# NZ Herald Premium progressing well vs. market conversion benchmarks



### Top quartile performance:

- % active users
- % registered users
- % subscribed

### Opportunities:

- % fly-bys (one-time visitors)
- % exposed to offer
- % that renew after one month

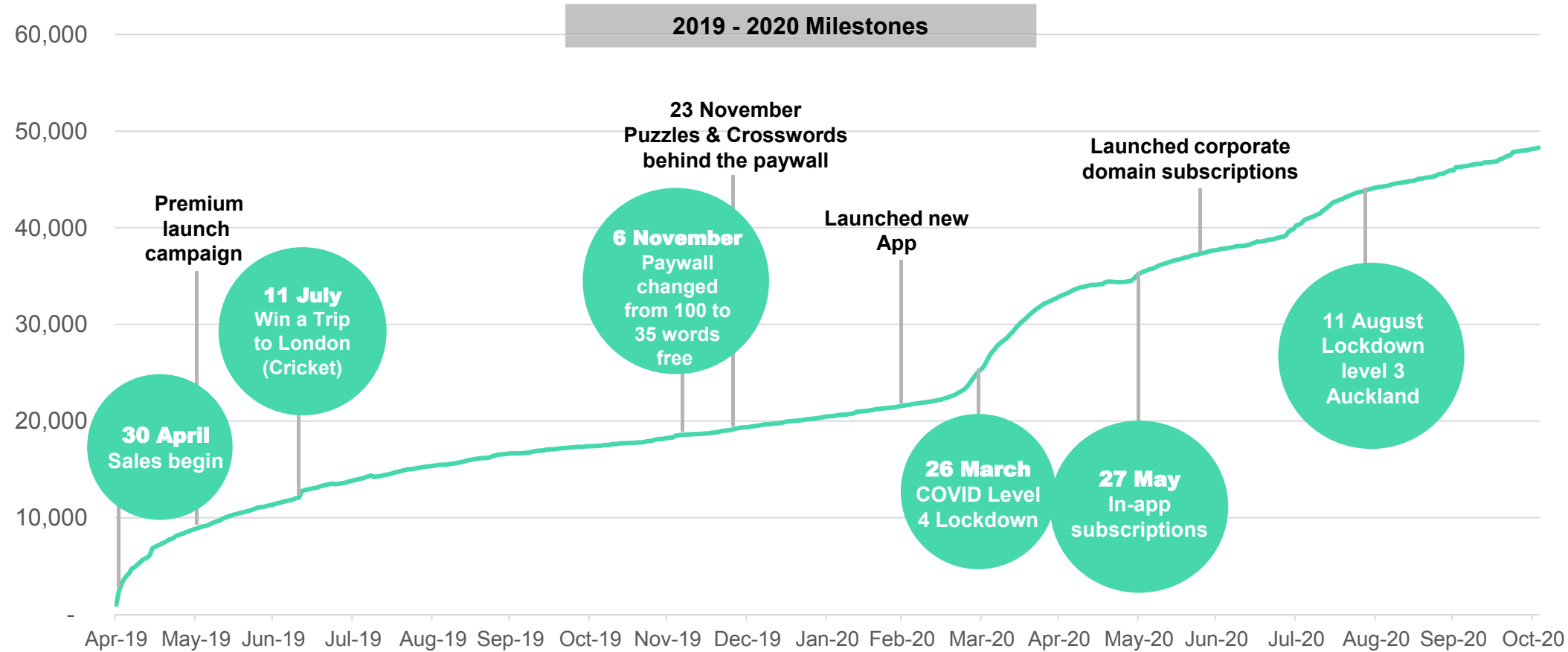


[nzherald.co.nz](https://nzherald.co.nz) relative to benchmark

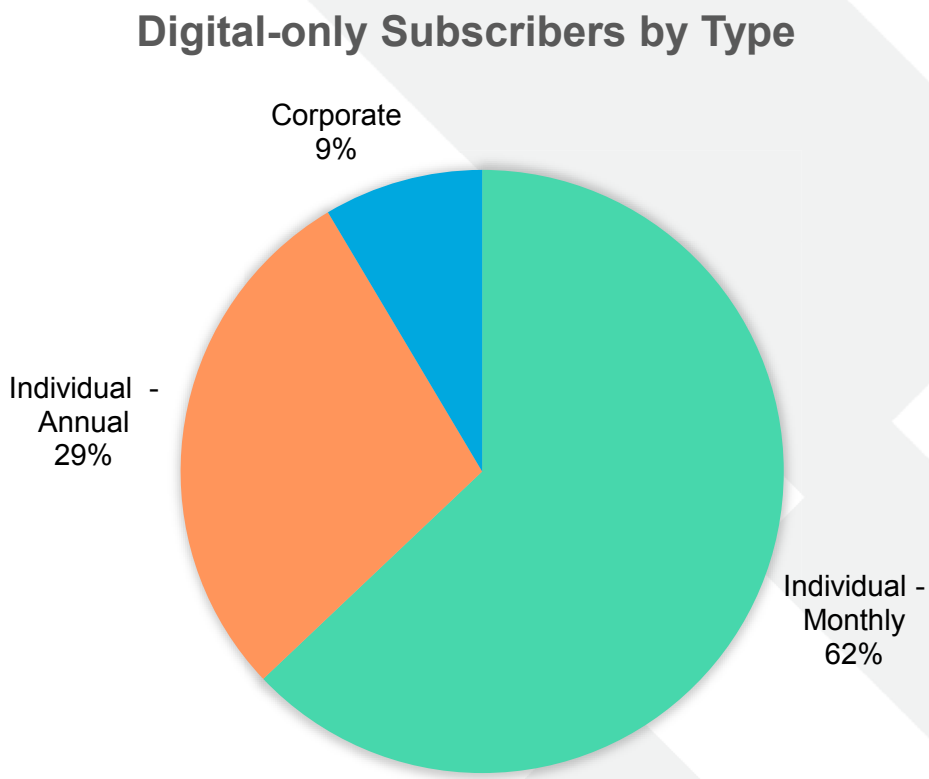
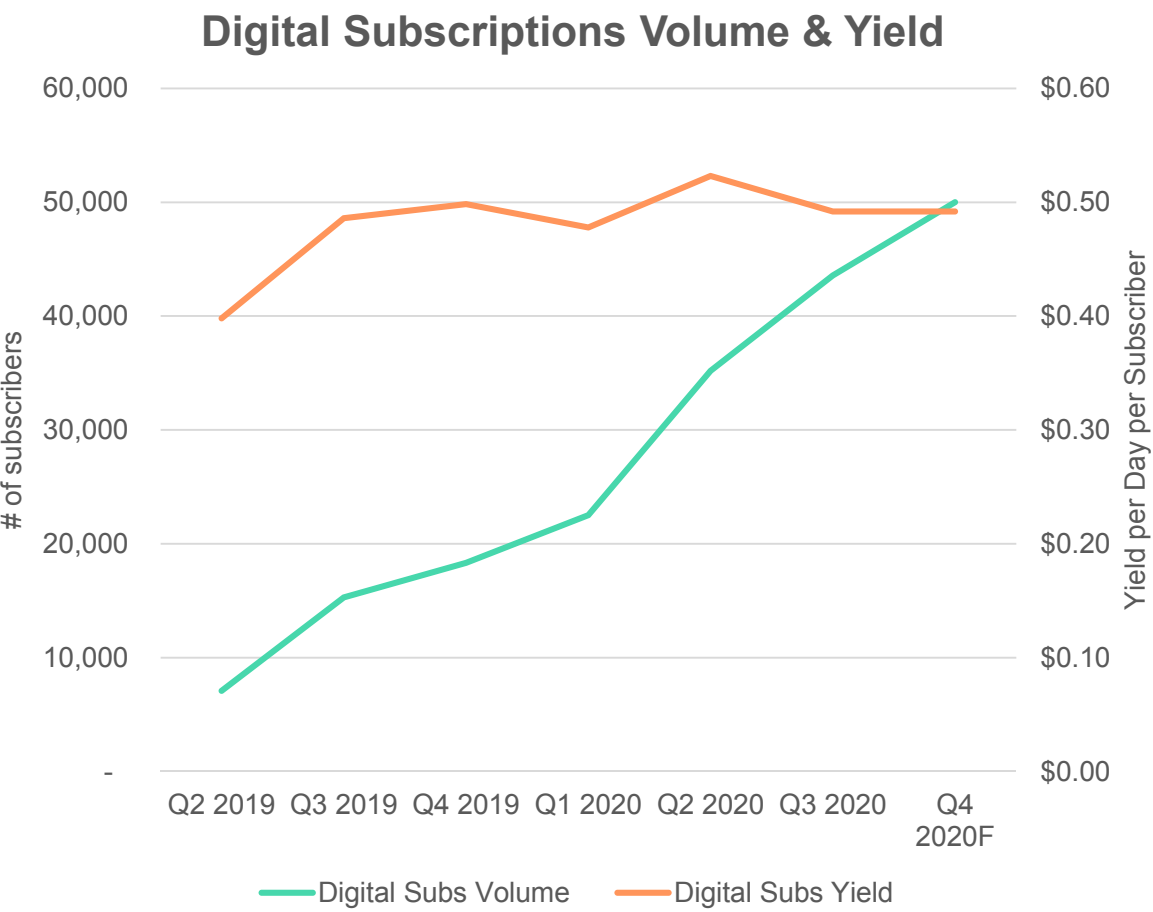


# Key events have driven growth in digital subscribers

Cumulative NZ Herald Premium Digital Subscribers 2019 - 2020



# NZ Herald Premium yield maintained as volume grows



~ One third of individuals subscribe annually





# Three strategies to deliver digital subscriber acceleration



**1. Continue  
Acquiring  
Customers**



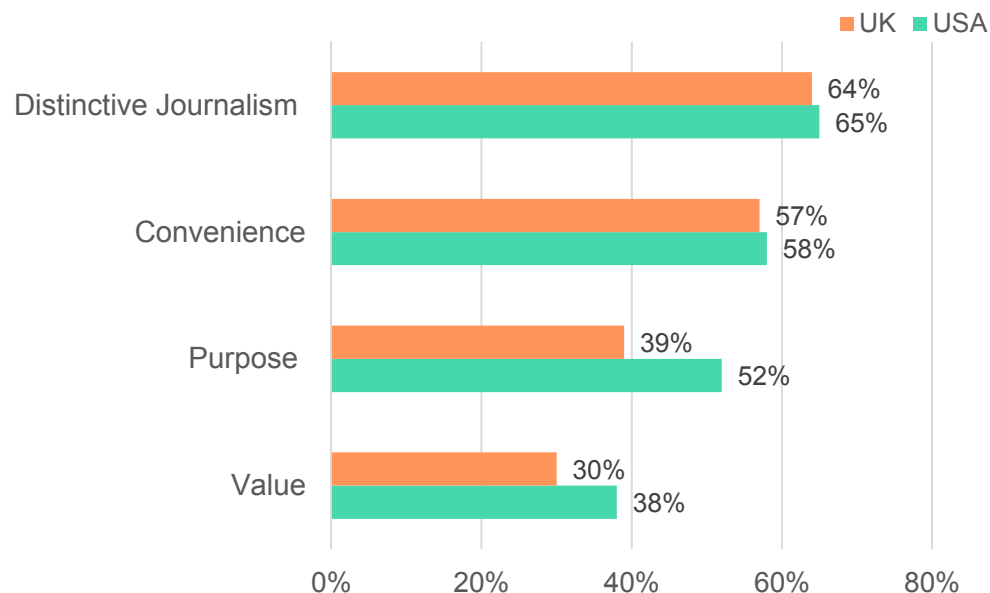
**2. Improve  
Customer  
Retention**



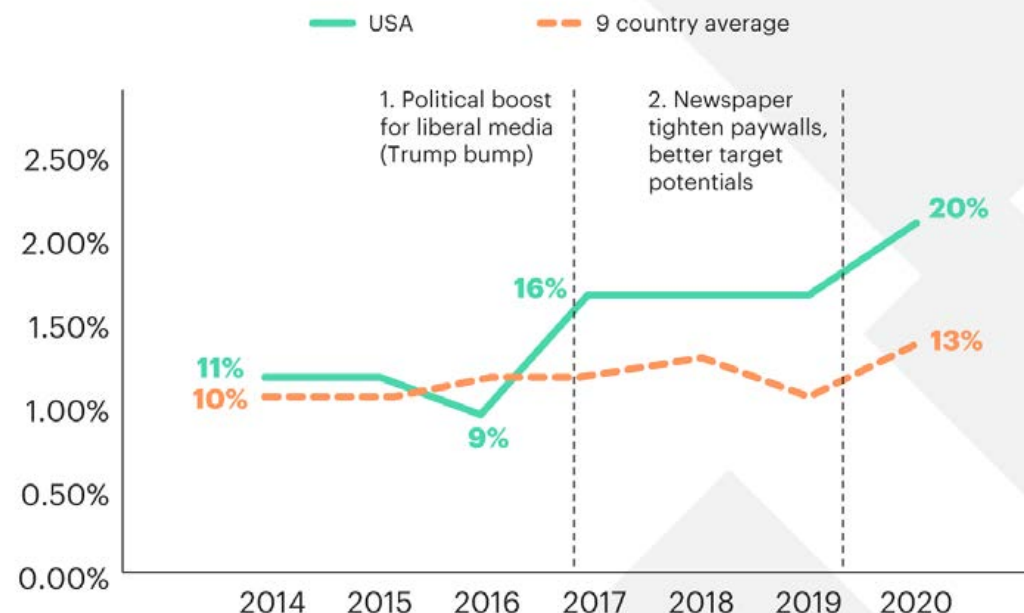
**3. Manage  
Customer  
Yield**

# Continue acquiring by leveraging quality journalism and customer propensity to pay

Reasons for Subscribing to an Online News Brand - USA and UK



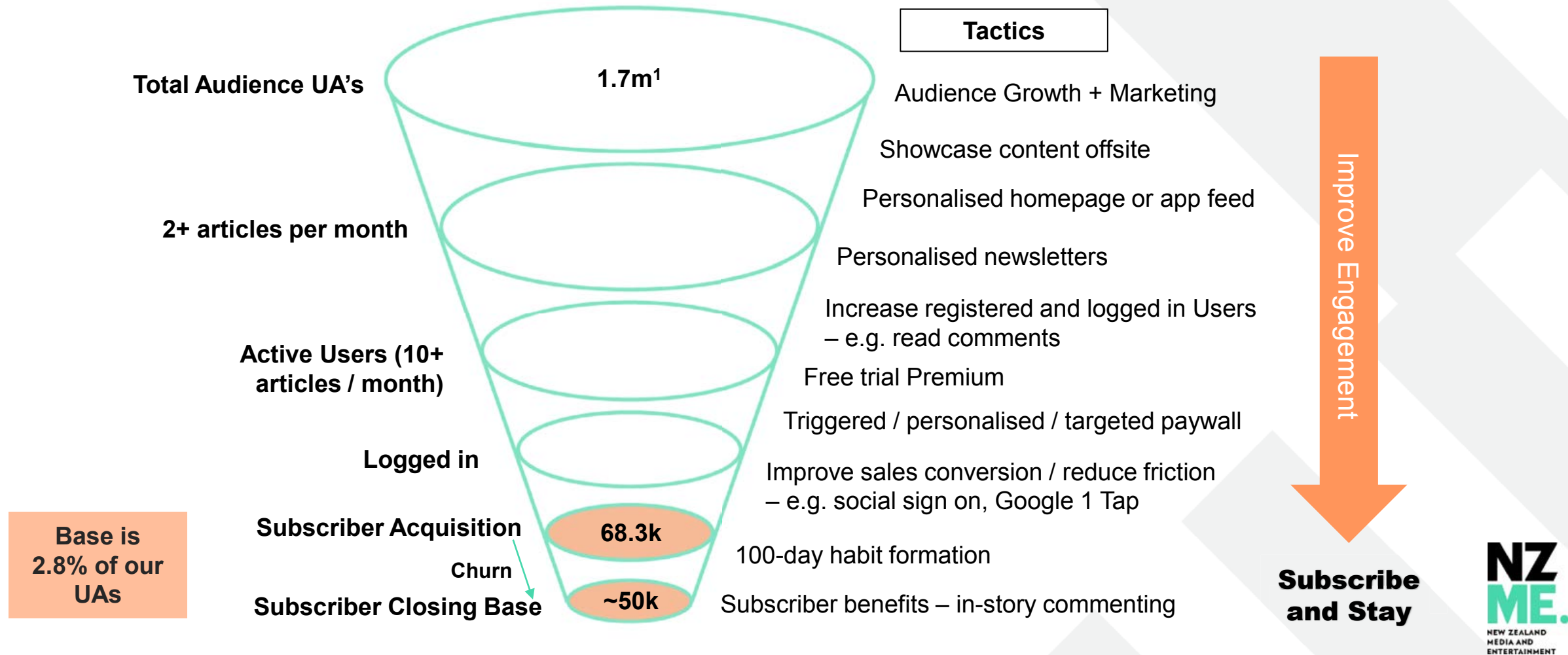
Proportion that paid for any online news in last year (2014-20) - Selected countries



- Continue conversion from increased quality journalism.
- Utilise customer insights and enhanced personalisation.

- Capitalise on increasing demand and propensity to pay.

Utilise best-in-class funnel conversion techniques



# Ongoing engagement and personalisation will improve retention

	Monthly Subscribers*	Annual Subscribers*
Tenure	Retention %	Retention %
< 3 months	77.4%	98.3%
3 < 6 months	90.2%	99.6%
6 < 12 months	93.9%	99.2%
<b>First Year</b>	<b>61.5%</b>	<b>97.1%</b>
12+ months	98.8%	82.5%
<b>Total (16 months)</b>	<b>66.0%</b>	<b>79.6%</b>

\*Excludes App, Corporate and Print Bundle Subscriptions

- Build 100-day-habit program to improve retention.
- Implementing propensity to churn model and trigger targeted activity - eDMs, onsite messaging.
- Provide clear subscriber benefits – commenting, subscriber experience, Newsroom live.
- Personalised homepage, Apps and newsletters.
- Reduce involuntary churn.

# Initial focus on volume to be supported by ongoing yield management

TRUSTWORTHY • INSIGHTFUL • IMPORTANT • EXCLUSIVE

DIGITAL

PRINT & DIGITAL

GIFT

CORPORATE

## Digital intro offer

Subscribe now and get  
50% off for the first 8  
weeks

~~\$5~~  
**\$2.50** per week

SUBSCRIBE NOW

## Digital 12 week deal

Subscribe now with a  
limited time deal for the  
first 12 weeks

**\$20** for 12 weeks

SUBSCRIBE NOW

## Digital annual special

Subscribe now and get  
one year access to  
Premium content

~~\$199~~  
**\$180** per year  
**Best deal**

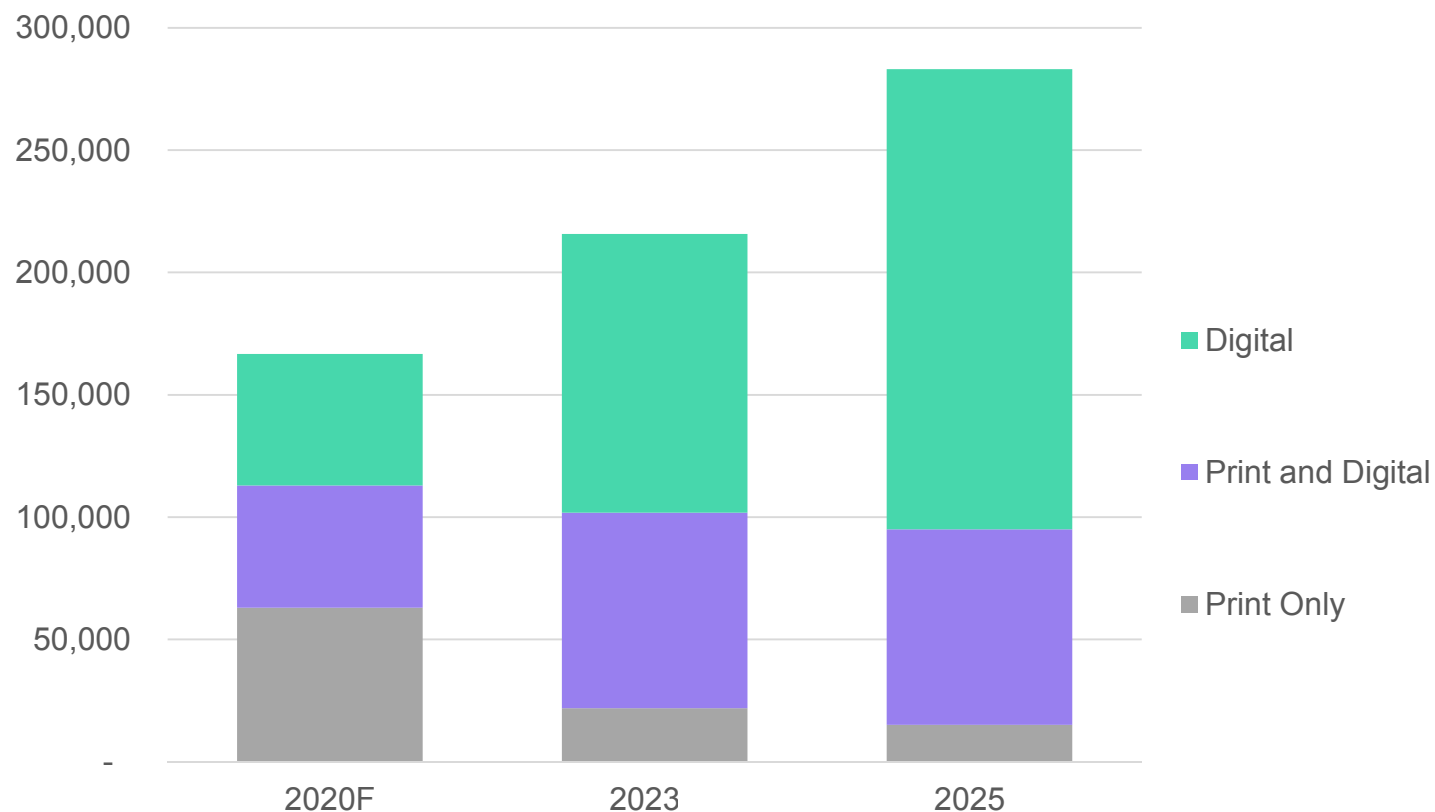
SUBSCRIBE NOW

- Implement corporate subscription yield growth based on user data.
- Print and digital bundles to be included in existing Mather Economics yield management program.
- For individual subscribers, implement a yield management program, including an increase in the above-the-line price for new sales (post 2021).



# Scorecard – 2023 and beyond targets

Target Subscriber Growth



- Digital only subscriptions exceed print subscriptions in 2023.
- More than 210,000 subscribers by the end of 2023.
- Over 15% of NZ households subscribing to NZ Herald, in print or digital, by the end of 2025.

# NZ Herald becomes NZ's Herald

There are three pillars to the Publishing Strategy:

## AUDIENCE



The #1 News brand  
for all New  
Zealanders

## SUBSCRIBERS



Subscriber first

## ADVERTISING



Be a safe, scalable  
destination for  
advertisers

**4.**

# **Publishing**

**Laura Maxwell**  
**Chief Digital Officer**



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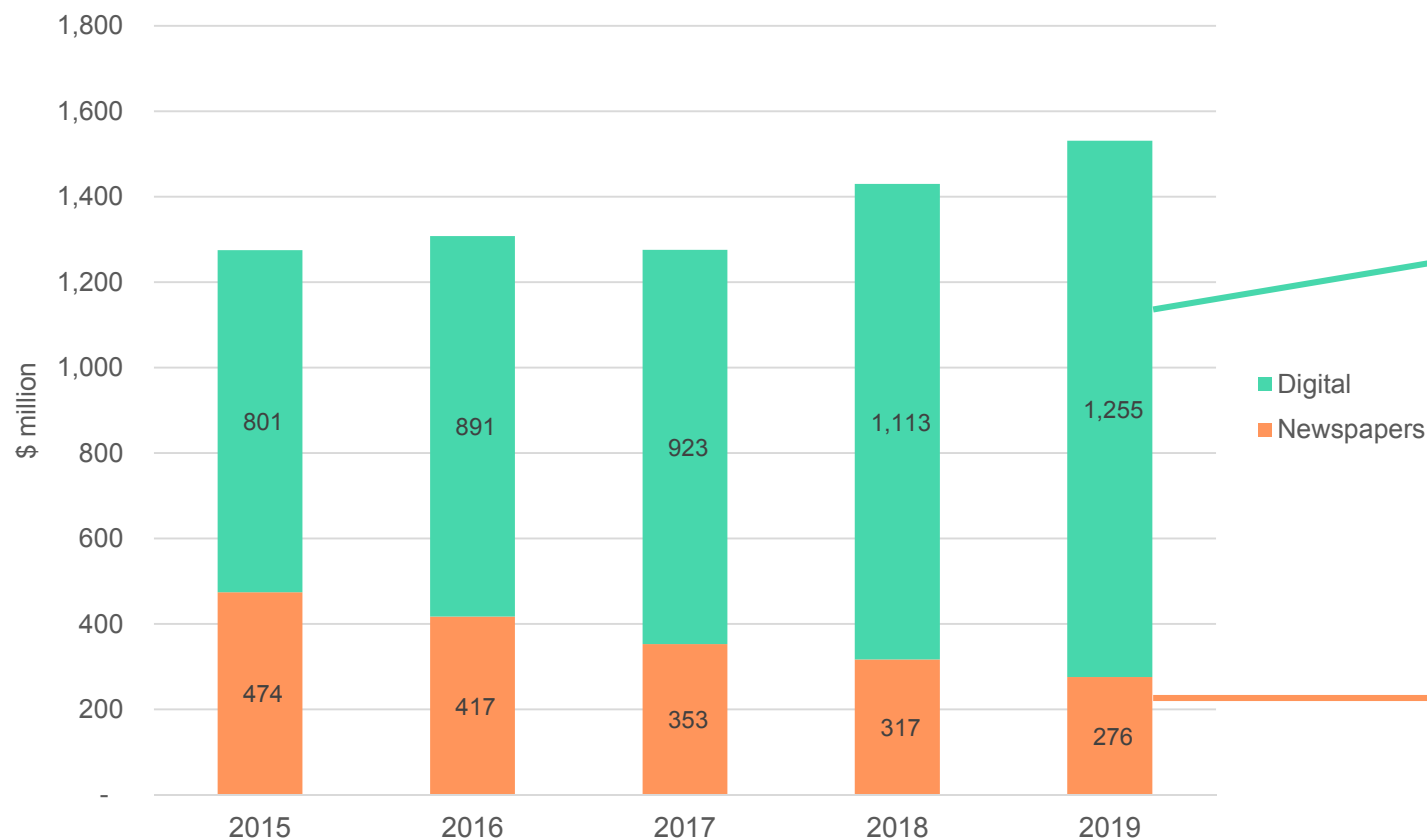
# Scorecard – 2023 and beyond targets

Metric	2023 Target	2025 Target
Advertising Revenue Mix	>45% Digital	>50% Digital



# Decline in newspaper advertising market revenue driven by shift to digital

Newspaper and Digital Advertising spend in NZ 2015 - 2019<sup>1</sup>



## Digital Revenue<sup>2</sup>

Share of Total NZ Advertising Market  
2014 31%  
2019 45%

CAGR 2015 – 2019  
+12%

## Newspaper Revenue

Share of Total NZ Advertising Market  
2014 18%  
2019 10%

CAGR 2015 – 2019  
-13%

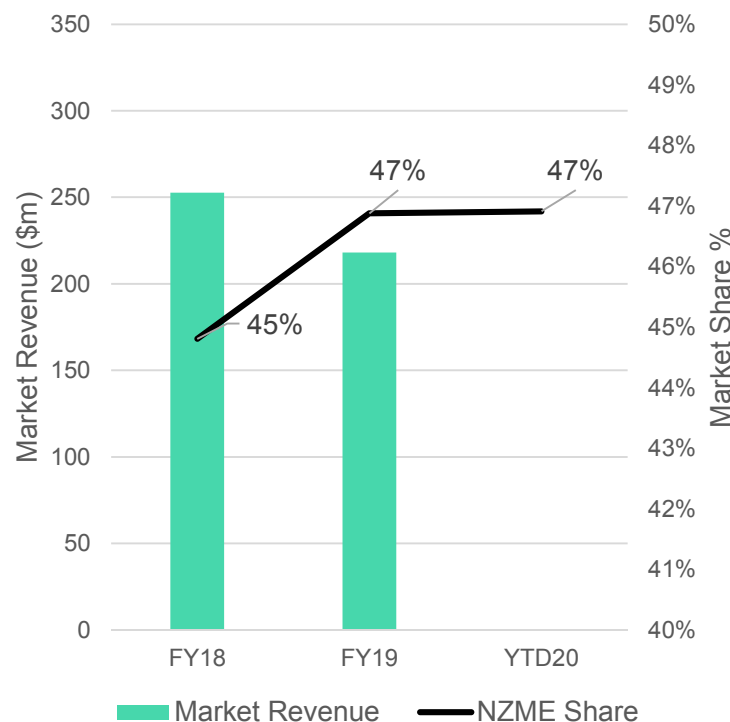
# NZME Print and Digital revenue share continues to grow

**We have a history of moving early on trends and capitalising on revenue opportunities.**

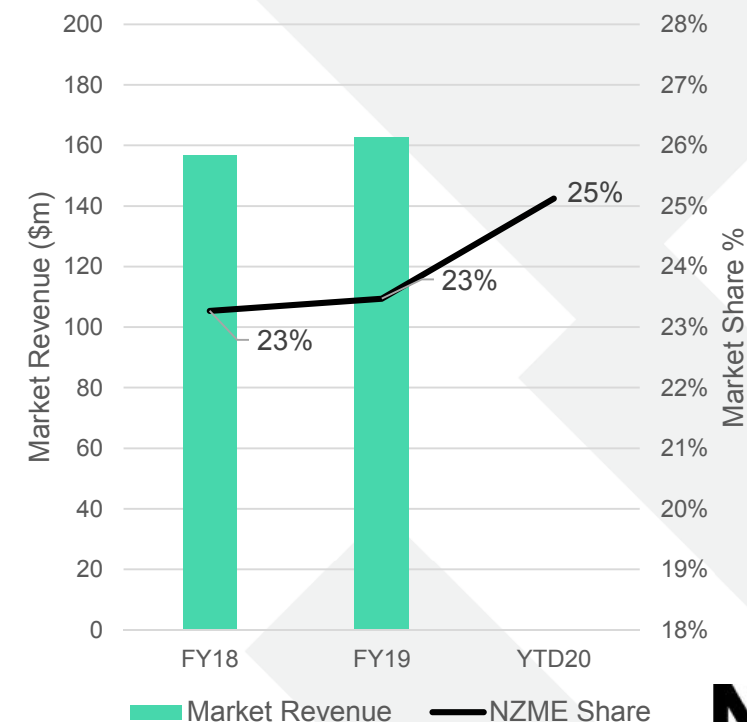
We were the first NZ major media company to launch:

- a Data Management Platform;
- audience-led cross-platform digital products;
- a data-lake to form a single view of our customers;
- a market-wide programmatic trading desk;
- a creative-hub for content-led solutions; CreateMe;
- a Digital Services marketing hub for paid search and social campaigns;
- Digital subscriptions; and
- synchronised ad-serving.

**Total Print Advertising Market Revenue and NZME Share %**



**Digital Display Advertising Market Revenue and NZME Share %**



# NZME monetises audience and customer data across its network

## DELIVERING AUDIENCES AT SCALE



**50% of the NZ population come to NZME's digital channels<sup>1</sup>**

- 1.9 million unique visitors per month<sup>1</sup>
- Verifiable and independently measured

### **This scale delivers**

- Rich and growing first party data
- A standalone commercial data offering
- Data integration into campaigns
- Diverse activation opportunities

## DELIVERING TO AUDIENCES AT THE RIGHT TIME



**Our audience is engaged with NZME's digital channels at every age, stage and moment.**

- Our user base is engaged daily across multiple content categories
- We collect data on 1000's of user behaviours
- We gain insight through the diversity of our offering
- We are there at every journey stage of our audience

**NZME Customer Match** creates campaigns based on audience behaviours, demographics, propensity and affinity models. When merged with the customer data of an advertiser, we can find “look-alike” prospects and serve advertising messages to these users.

***“We need to understand that people buy based on emotion and justify with logic which means that emotional, contextual and conversational commerce is the future for advertising.”***

***Steffen Svartberg, CEO, Cavai***

# Brand safe and scalable distribution for advertisers



**1. Leverage  
Audience Insights**



**2. Best Technology  
and Tools**



**3. Brand-Safe  
Monetisation**

# Utilise audience and customer data across the NZME network

- NZME has audiences at scale across a range of contexts, mindsets, devices and locations, which provides a benefit for advertisers that is superior to competitors.
- With a strong direct-to-advertiser revenue channel, we will continue to support local business by delivering audience reach nationally and locally, through personalisation and specific local products across print and digital assets.
- We will continue to enhance cross-channel advertising packages and expand off-network digital packages for SMEs.

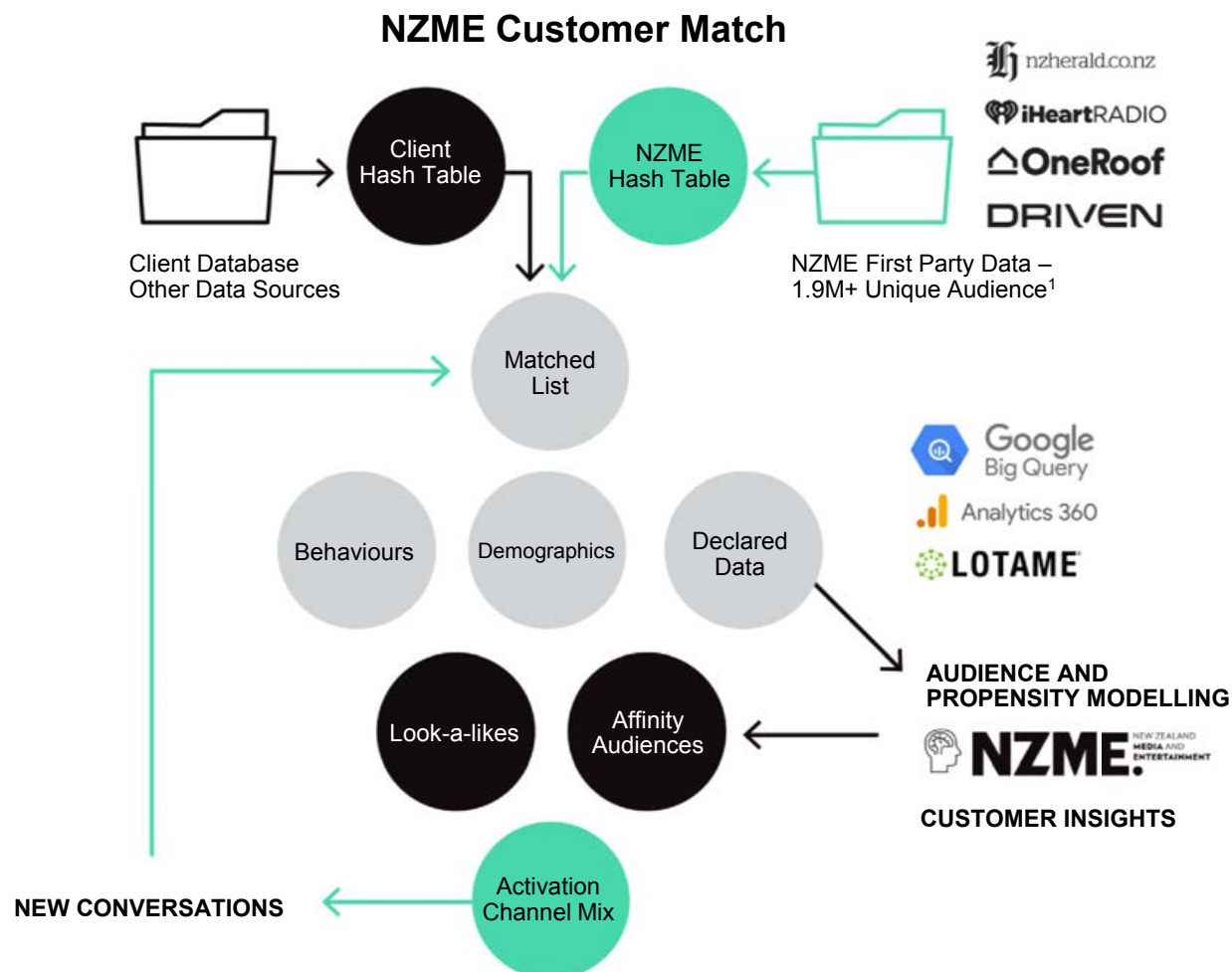
*“In due course, publishers should also enjoy increased revenues from this style of targeting, as these deeper contextual algorithms naturally favour quality, long-form content.”*

Sonia Pham, Head of Business Analysis at Illuma Technology





# Increase authenticated audience and customer data across the NZME network



- Grow authenticated audiences (registered and signed-in).
- Extend the data capability to identify audiences, deploying more relevant advertisements in online and offline environments.
- Increase geo-targeting capability.

# Continue to evolve our advertising technology and tools to capitalise on monetisation trends

	Focus Areas	Outcome
1.	Transform the current data-lake to a Customer Data Platform	Real-time, unified and longitudinal customer profile analysis for data-driven advertiser solutions
2.	Automate campaign optimisation and programmatic buying	Increase deployment of machine-learning and AI tools
3.	Increase natural language processing tagging of content	Build advertising solutions based on content and context
4.	Extend mobile creative ad suite	More revenue from the 75%+ of our audience who are mobile
5.	Create content to commerce solutions for advertisers	Delivering on-site purchase for advertising customers
6.	Maintain data governance policies	Lead the market with data transparency and safety
7.	Expand range of selling channels and intuitive self-service options	Create efficiencies for SMEs
8.	Increase native content automated product suite	Provide SMEs with a viable option to global platforms
9.	Develop advertising value attribution models	Confirm benefits of cross-channel campaigns to advertisers

# Create new advertiser opportunities across NZME's brand-safe environment

1

## Reaching audiences at scale

- Continue to develop the ecosystem of advertising products for advertisers to connect with their customers at all stages of the customer lifecycle.
- Create more synchronised print and digital packages to improve sales efficiency.

2

## Reaching audiences through storytelling and context

- Strengthen the range of native products across all of our channels that deliver brand stories for advertisers.
- Increased use of video, utilising the expertise, talent and influencers within NZME.

3

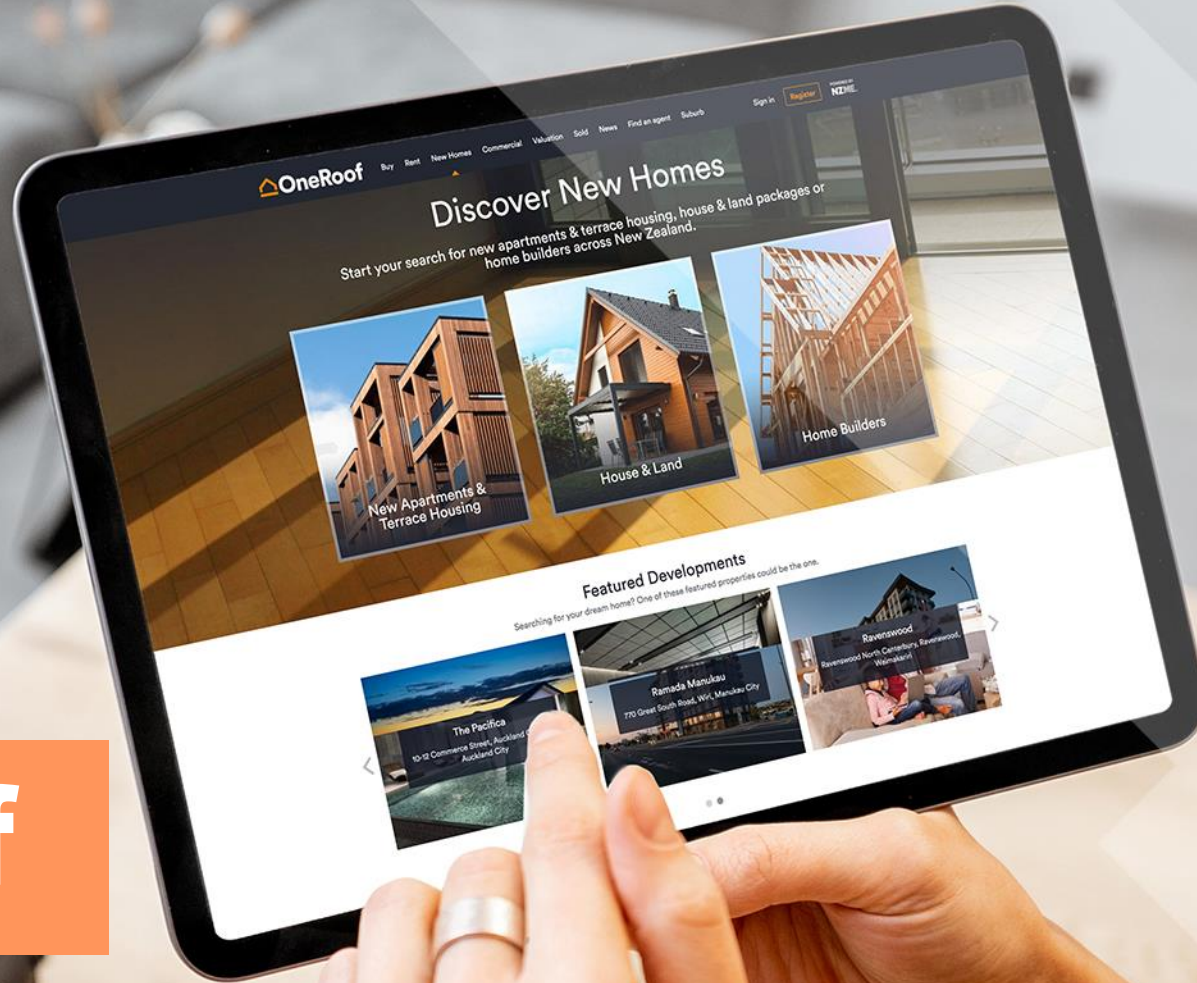
## Reaching relevant audiences with personalised messaging

- Evolve digital advertising products to serve relevant messages to known NZME audiences.
- Deploy NZME Smart Ads, which dynamically deliver personalised creative to audiences based on their behaviour, propensity modelling and personalised data sets.

# Scorecard – 2023 and beyond targets

Metric	2023 Target	2025 Target
Advertising Revenue Mix	>45% Digital	>50% Digital

# 5. OneRoof





**OneRoof – your  
complete property  
destination**

**NZ  
ME.**

NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT



# New Zealanders love property

There are<sup>1</sup>:

**610,000**

INVESTORS

**817,000**

FIRST HOME BUYERS

**1,013,000**

RENOVATORS

**106,000**

MOVERS

**~\$135 million**

REAL ESTATE CLASSIFIEDS  
MARKET SIZE<sup>2</sup>



# Market momentum was building in 2020 until Covid-19 lockdown

Annual listings decreased in 2018 and 2019 but returned to growth in early 2020, prior to Covid-19 lockdown.

Since May, the market has accelerated to break new records.

	2018	2019	Sept 2020 YTD	September 2020
Annual Listings	116,186	107,685	73,132	10,050
Year-on-year % Change	-3.2%	-7.3%	-9.6%	-12.9%

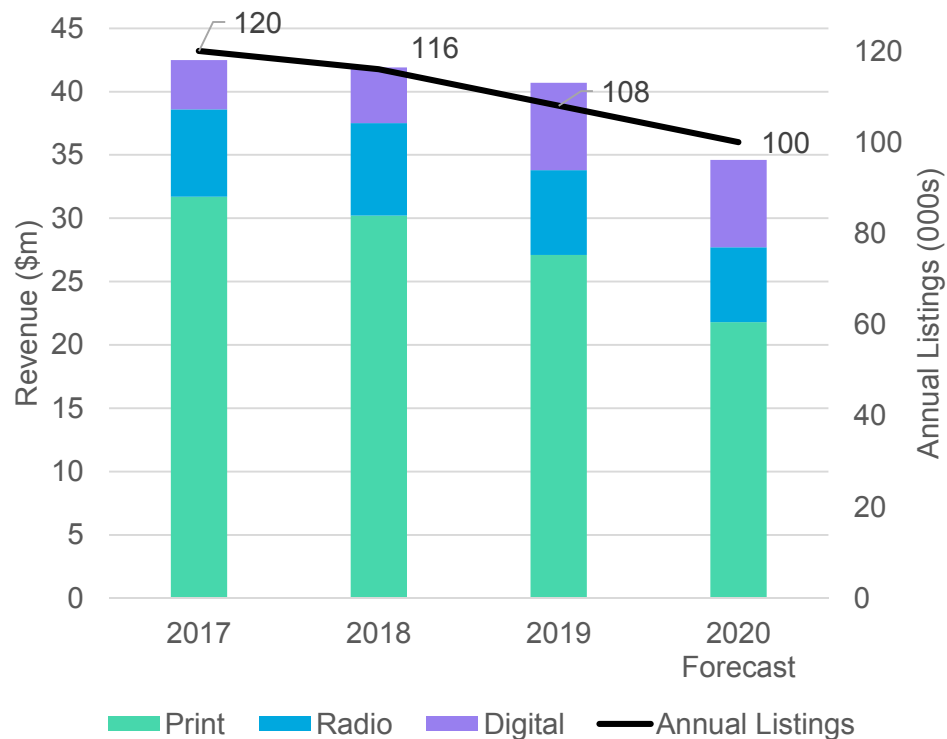
September inventory: lowest since records began

September properties sold: the highest for previous 42 months and the highest September sales volume for 14 years

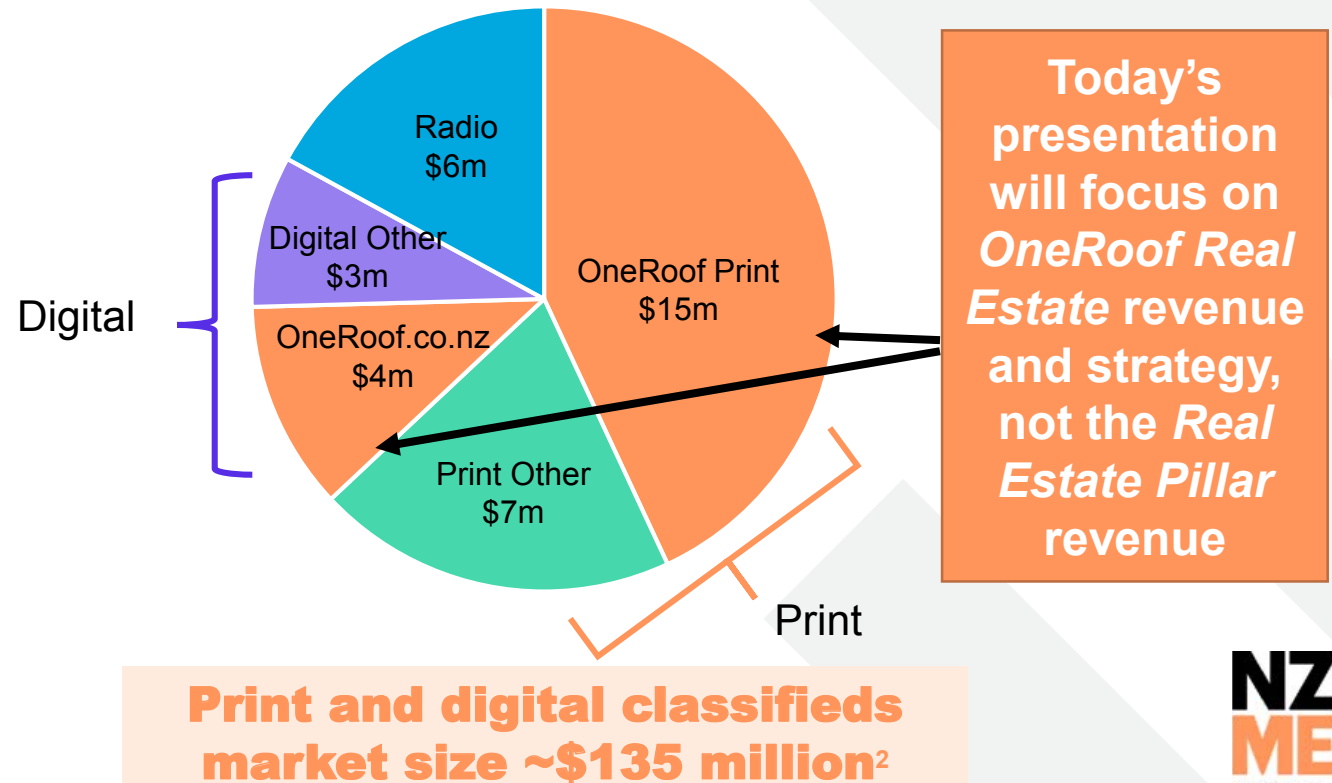
Inventory has been in constant decline

# Real Estate continues to be #1 revenue vertical at NZME, but has been impacted by lower overall market listings

NZME Real Estate Revenue and Market Listings Trends 2017 - 2020

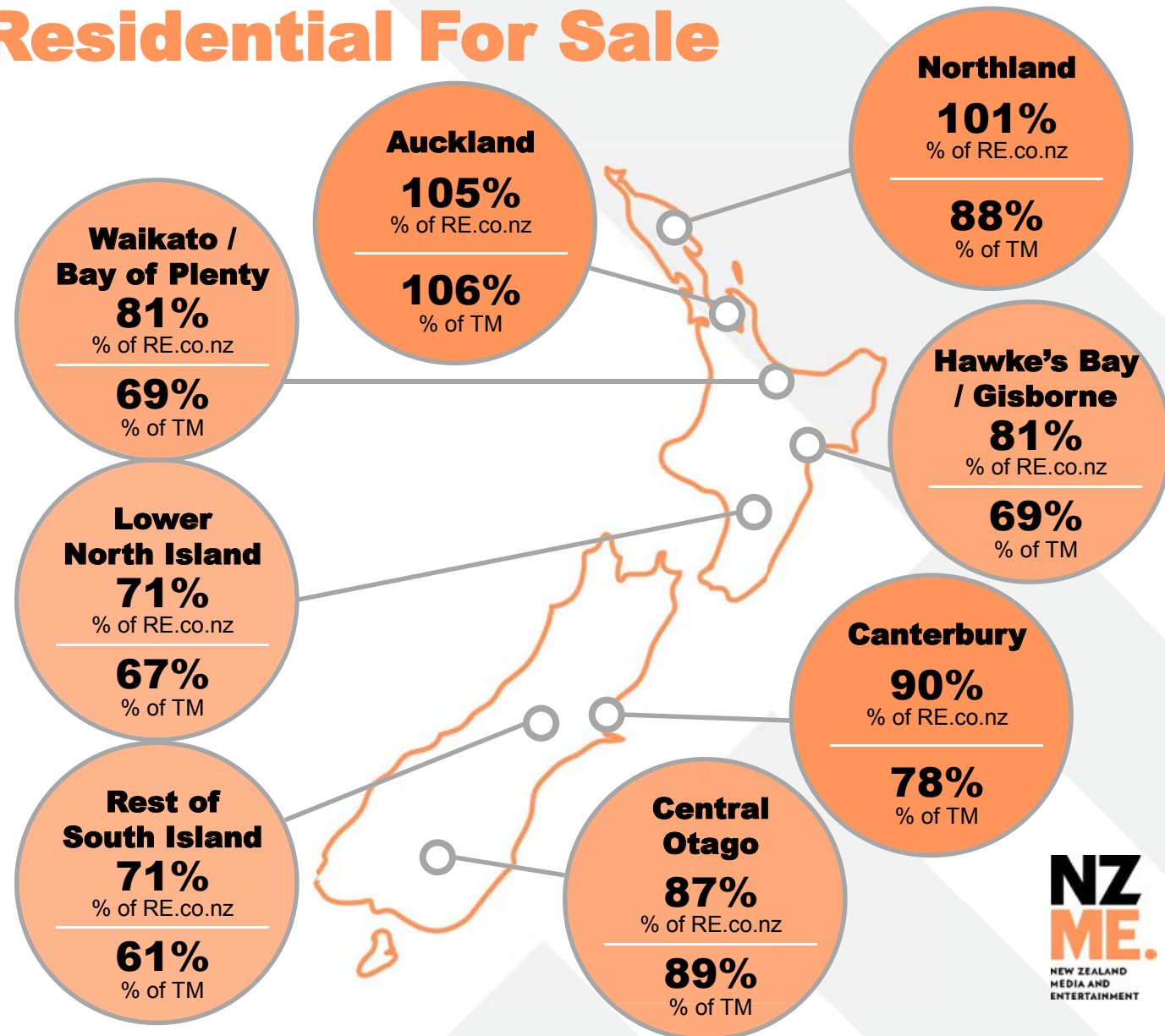
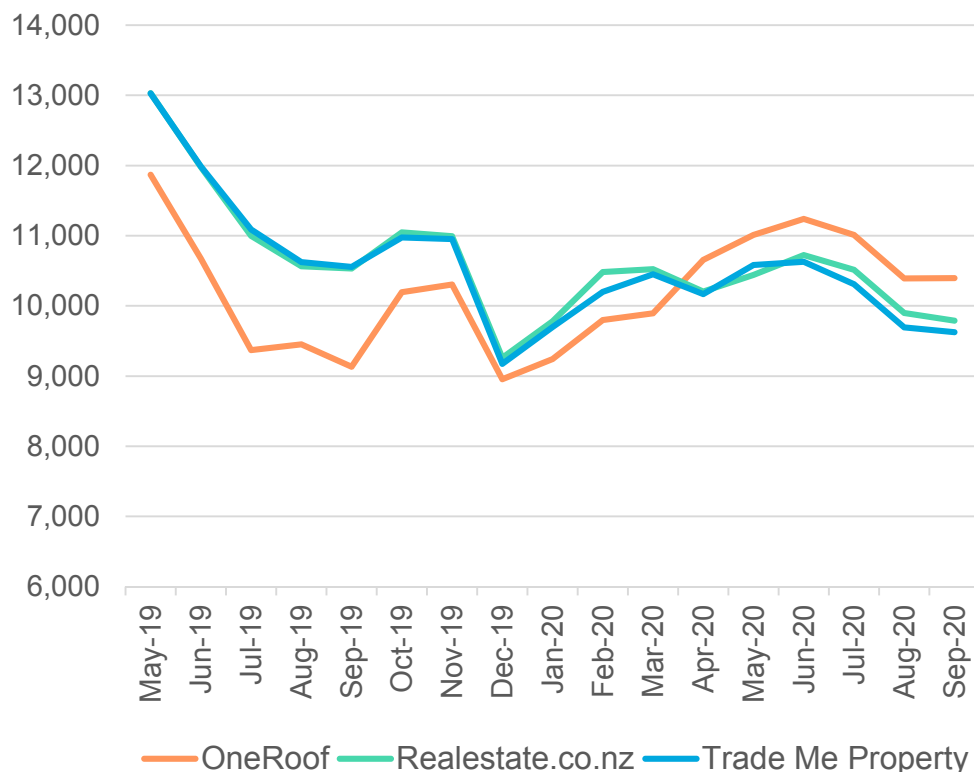


NZME Real Estate Pillar 2020 Forecast \$35m  
OneRoof Real Estate Products 2020 Forecast \$19m



# OneRoof has the most Residential For Sale listings in Auckland

## Residential Listings For Sale (Auckland)





## OneRoof has cemented itself as a core property site with awareness, listings views and enquiry to agents all increasing

OneRoof was the fastest growing real estate site in September

**+92% YoY<sup>1</sup>**

Agent listing enquiries are up

**117% YoY<sup>2</sup>**

App downloads

**185k**

OneRoof emails

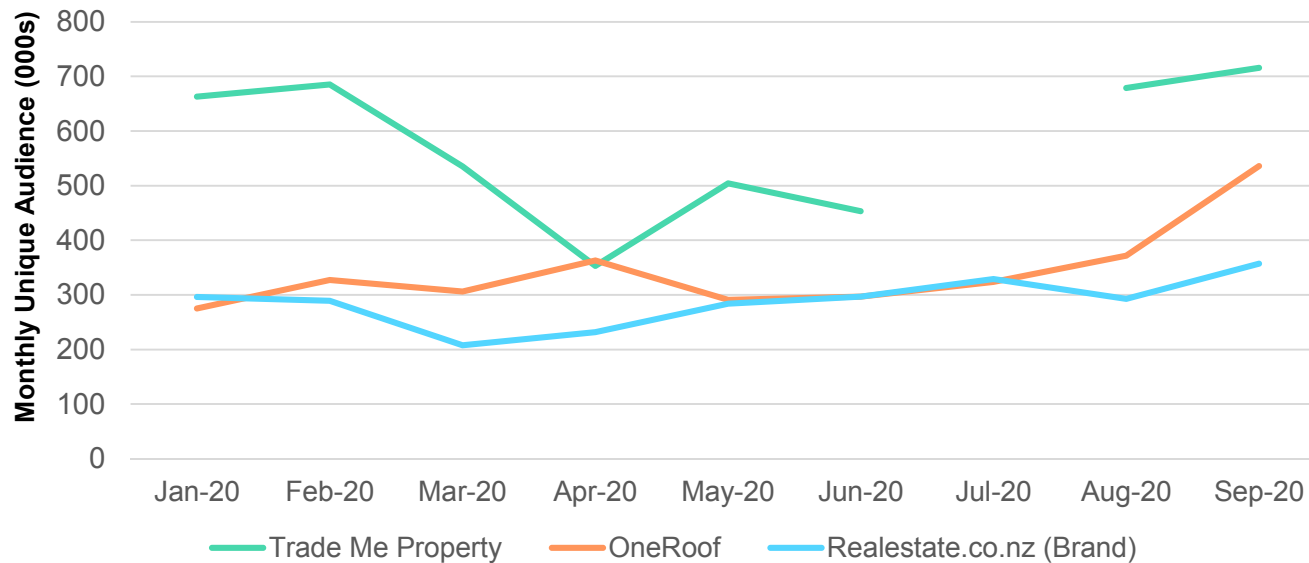
**1m+** delivered each month

Daily listings audience has increased

**42% YoY<sup>1</sup>**

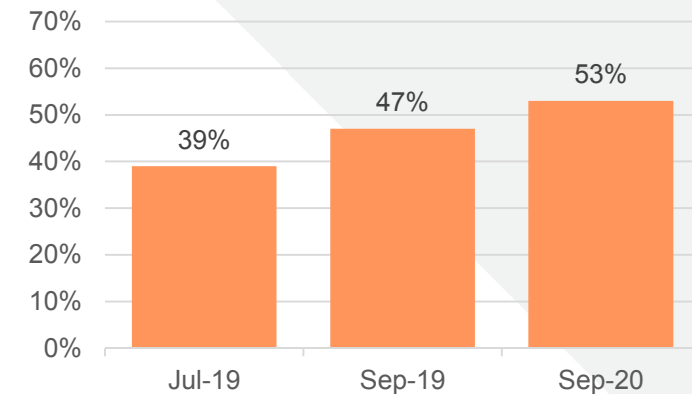
# OneRoof.co.nz audience is a strong #2 in market

### Unique Audience YTD 2020<sup>1</sup>

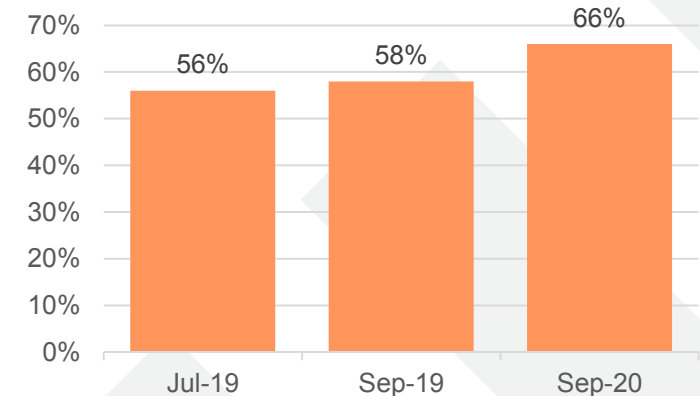


As the brand has built its own equity, audience referral from NZHerald.co.nz has reduced to 30%<sup>3</sup>

### OneRoof National Prompted Awareness<sup>2</sup>

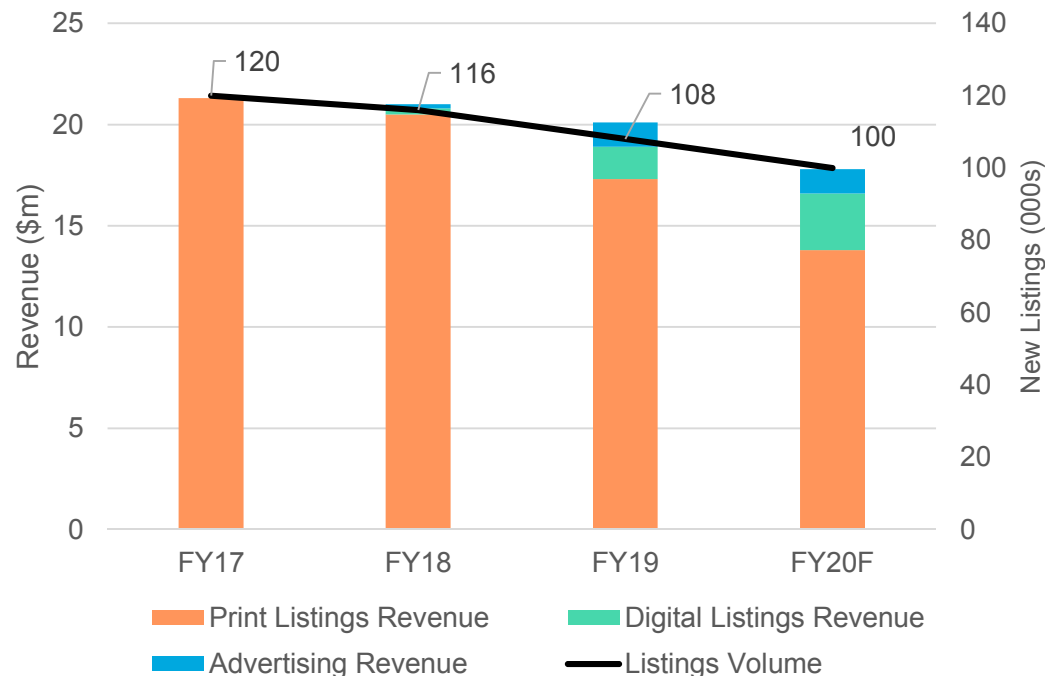


### OneRoof Auckland Prompted Awareness<sup>2</sup>



# Whilst print revenue market share is improving, OneRoof.co.nz provides a growing offset to trending print revenue decline as market listings reduce

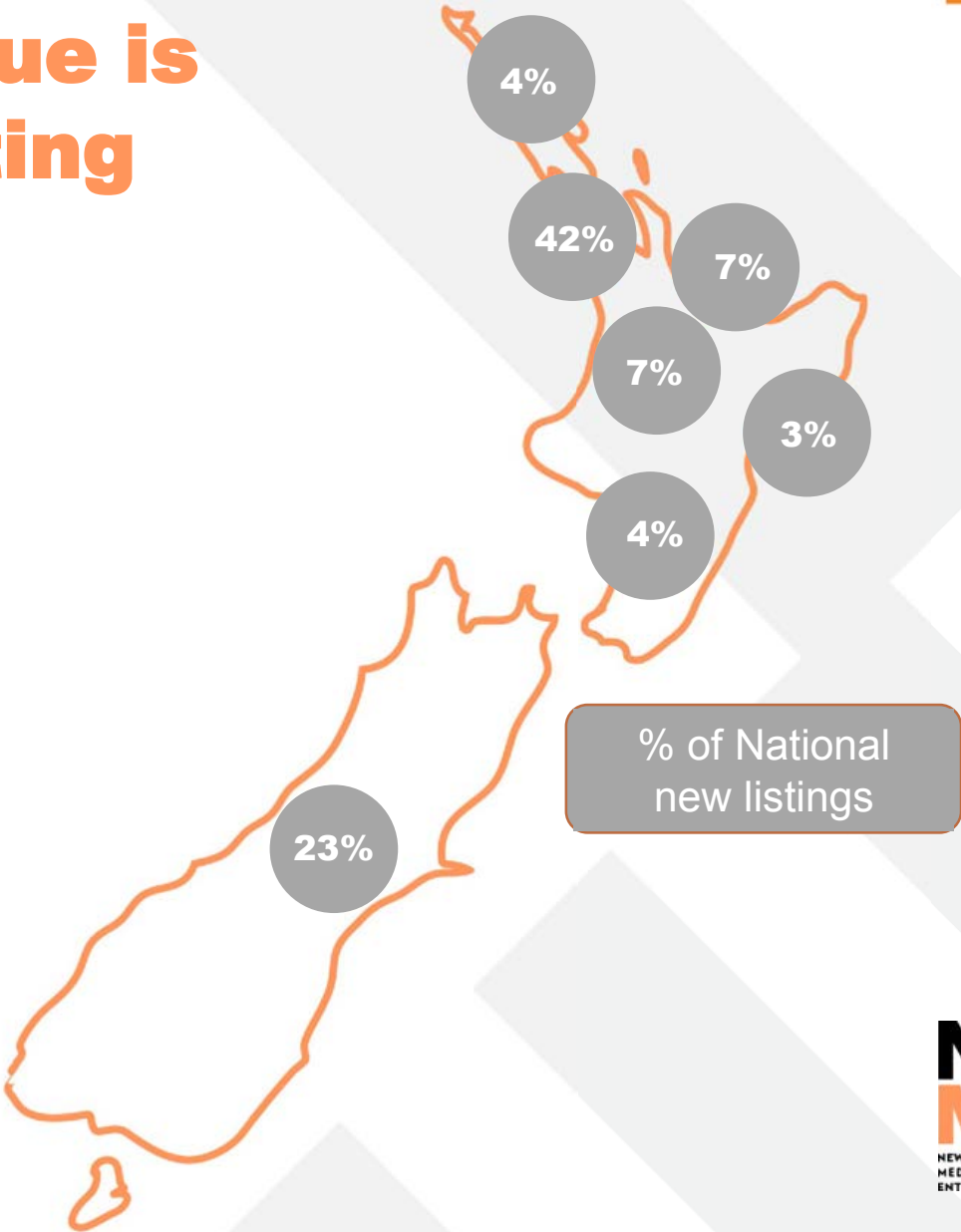
OneRoof Real Estate Revenue Mix and New Listings



- Print Real Estate market share has increased from 44% in 2017 to 50% currently<sup>1</sup>.
- OneRoof.co.nz listings upgrade sell through is currently 20% in Auckland and 5% for the rest of New Zealand, with average revenue per listing upgrade of \$310.
- Advertising packages include a mix of display, native content and sponsorship partnerships.
- Agents can purchase a range of products to build their brand profile and these are sold as subscription packages.

# OneRoof.co.nz’s listings revenue is skewed to Auckland, highlighting national opportunity

	OneRoof Rev %	Total Listings % <sup>1</sup>	New Listings % <sup>1</sup>
Northland	4%	7%	4%
Auckland	86%	41%	42%
Waikato	1%	7%	7%
Bay Of Plenty	3%	6%	7%
Hawke’s Bay	1%	3%	3%
Manawatu-Whanganui	1%	3%	4%
Rest of North Island	2%	6%	10%
South Island	3%	27%	23%



**OneRoof – your  
complete property  
destination**

**NZ  
ME.**

NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT



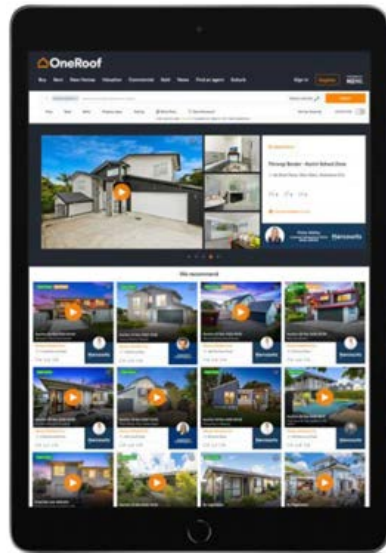


# There are three pillars to the OneRoof Strategy:

Strengthen Core Residential Listings Business

Be indispensable to Agents

Expand the Portfolio

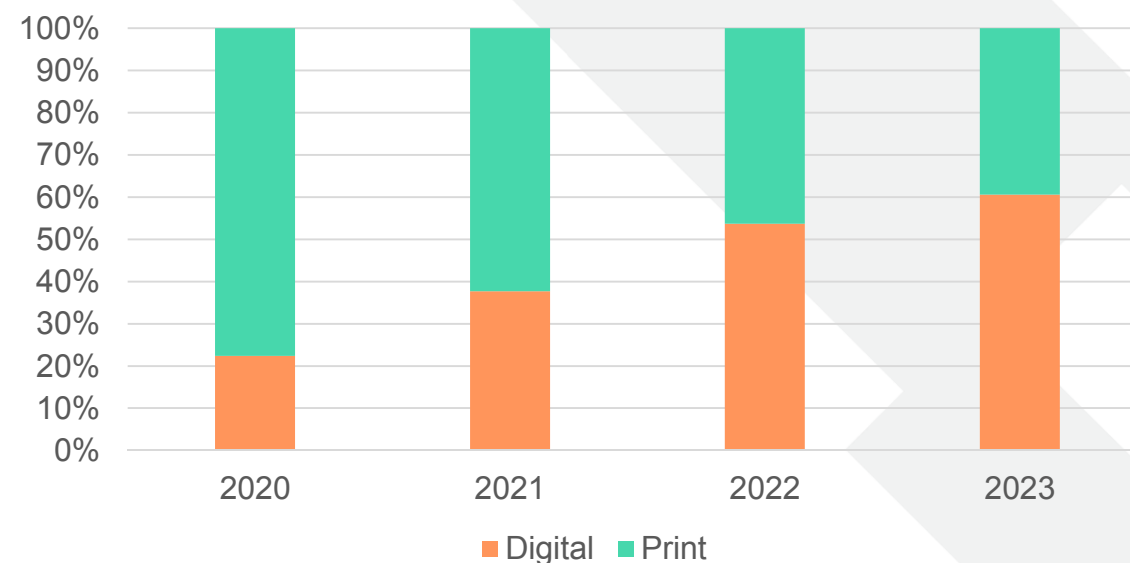


## An opportunity for transformation

# Scorecard

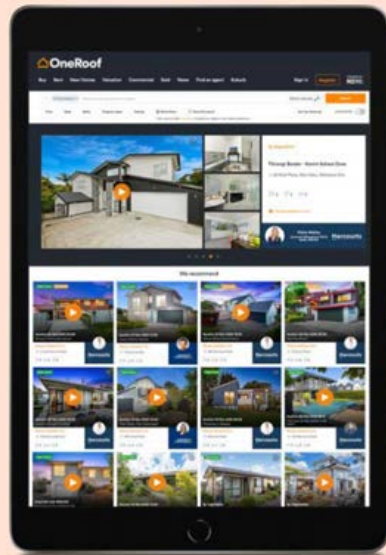
	Current	2023 Target
<b>Residential Listings</b>	86% <sup>1</sup>	100%
<b>Audience</b>	#2 in total audience in all major NZ markets <sup>2</sup>	Reduce gap to #1 (currently ~200k)
<b>Listings Upgrade %</b>	9%	50% of residential listings
<b>Revenue</b>	~80% Print	Digital > Print

OneRoof Target Transition to Digital Revenue



# There are three pillars to the OneRoof Strategy:

Strengthen Core Residential Listings Business



Be indispensable to Agents



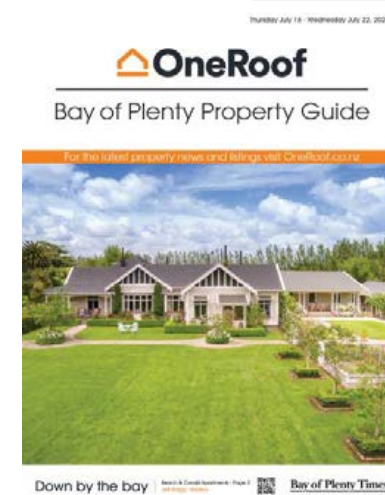
Expand the Portfolio



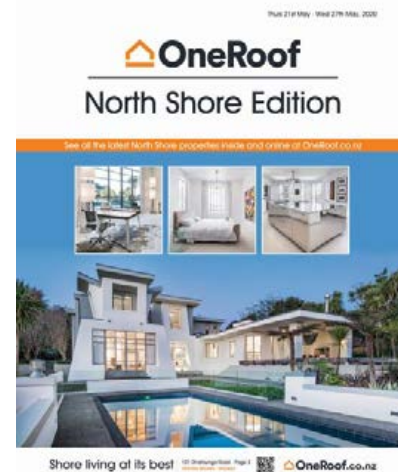
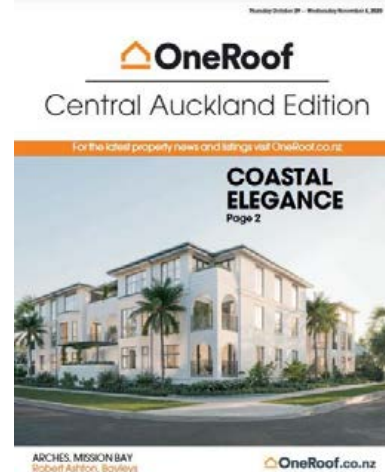
## An opportunity for transformation

# Reach 100% of all residential for sale listings

- Strengthen OneRoof leadership with dedicated executive accountability, focused on delivery of growth strategy.
- Utilise NZME's national sales capability, realigning sales team structure to national growth strategy.
- Continue to build listings coverage through solid Agent relationships.
- Become an essential listings marketplace for agents, buyers and sellers of property.
- Expand OneRoof Local Magazines as a geo-targeted complement to digital listings for vendors.



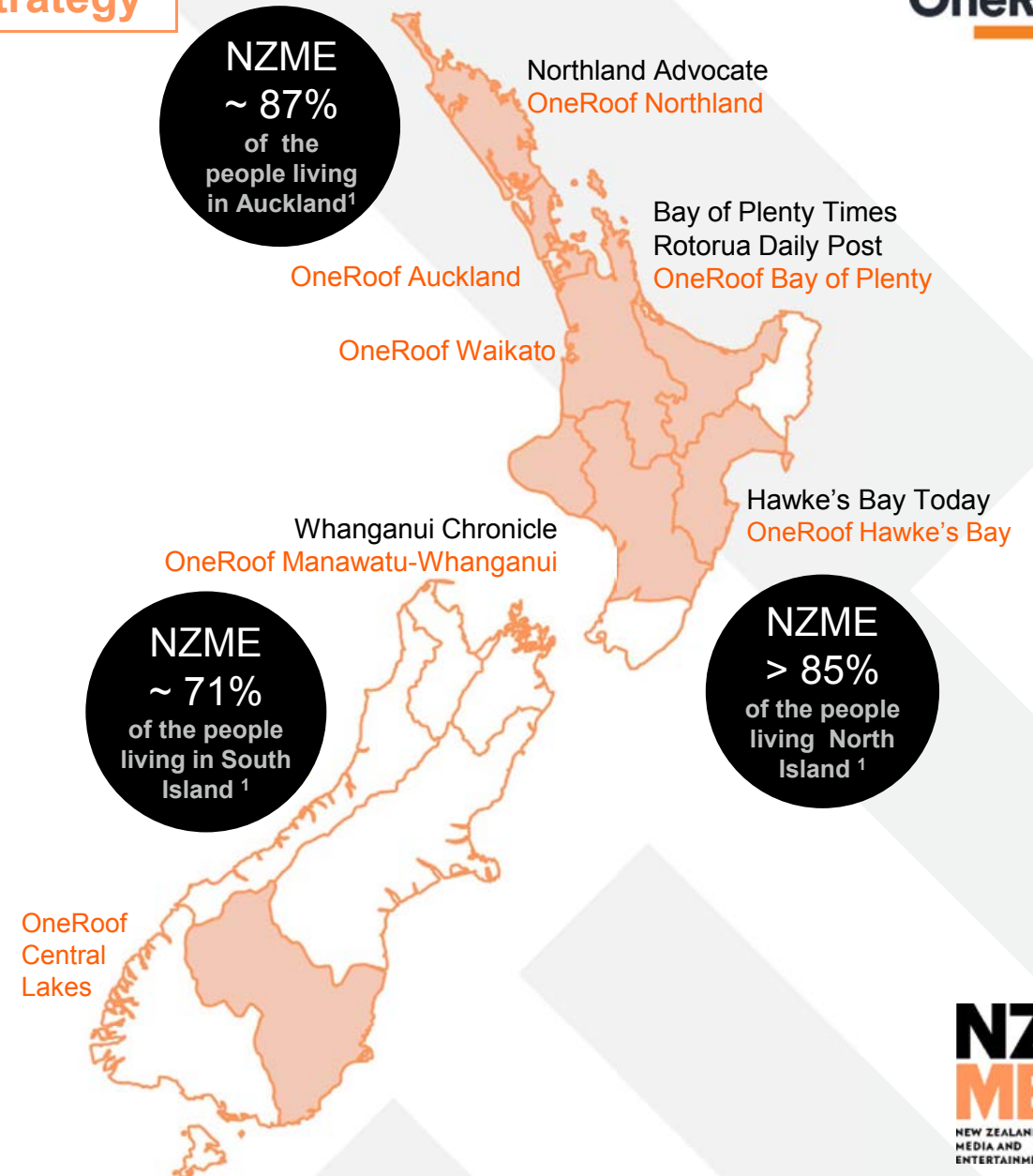
600k+ publications weekly





# Utilise the strength of NZME audience and OneRoof Local Magazines to grow audience

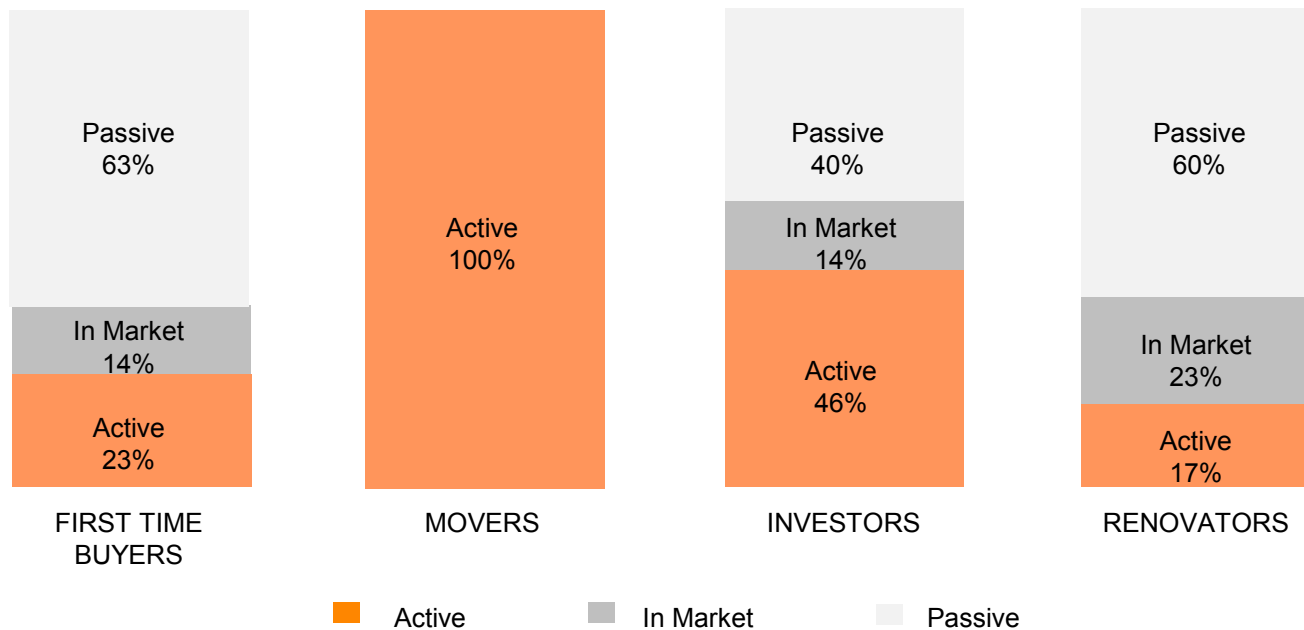
- Focus to date has been on winning Auckland, with 50% of OneRoof's audience currently in Auckland<sup>2</sup>.
- Grow OneRoof national audience utilising NZME's leading platforms across print, digital and radio.
- Local magazines, including localised editorial content, are a key marketing tool for building the OneRoof brand to Agents and Vendors.





# Build #2 audience with relevant product and content for all stages of the property cycle

**OneRoof is unique amongst market competitors in its relevance for people at every stage of the property cycle**



- Create a large and engaged property audience using marketing automation, AI and personalisation tools.
- Continue customer journey site enhancements using leading digital design methods and continuous release frameworks to build the best tools for buyers, owners and movers.
- Grow signed-in audience on OneRoof to underpin relevant content and product offerings.

# A suite of products that provide scale and relevancy to deliver results for vendors and advertisers

## Grow Listings Upgrade revenue:

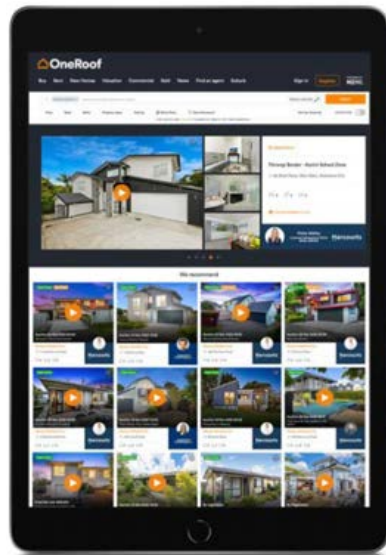
- Increase uptake of depth products from current (20% in Auckland, 5% Rest of NZ)
- Develop new listings upgrade products
- Increase revenue from bundled print, digital and social listings products
- Build attribution models to prove effectiveness of listing campaigns

## Increase Advertising revenue:

- Increase audience and customer segmentation to support data-driven and audience-insight products
- Build behavioural and contextual products
- Create native content products across print, digital and radio platforms

# There are three pillars to the OneRoof Strategy:

Strengthen Core Residential Listings Business



Be indispensable to Agents



Expand the Portfolio



## An opportunity for transformation

# Build data-driven tools to generate leads for agents

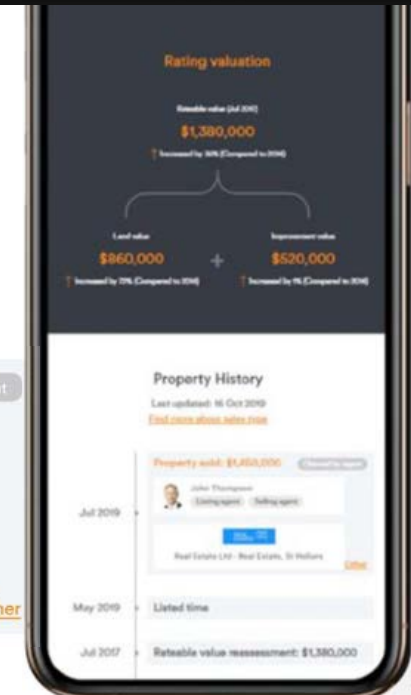
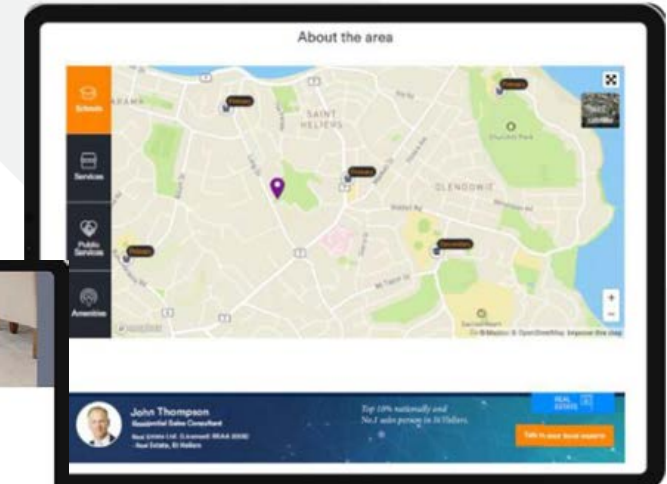
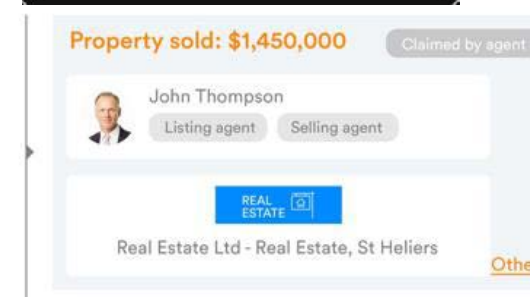
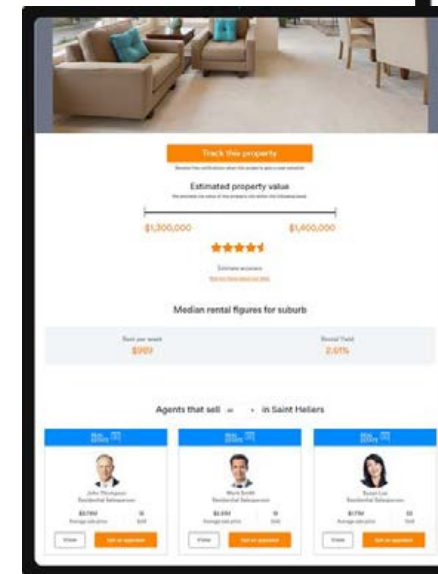
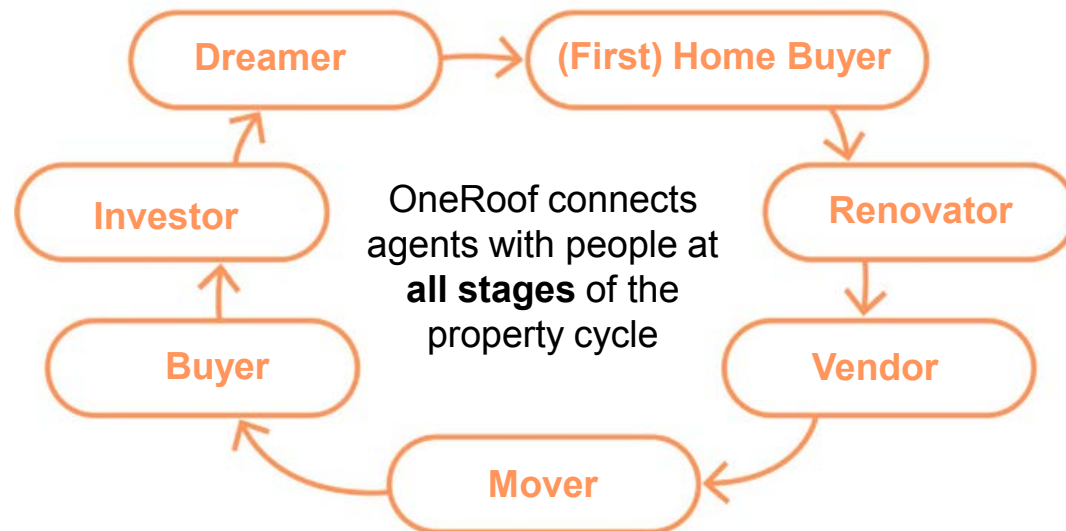
## NOW

Comprehensive Property marketing solutions across print, digital, social, email and radio.



## NEXT

Building propensity modelling to connect agents with the next vendor and the next buyer.



# Create content and audience-aligned products to build agents' brands

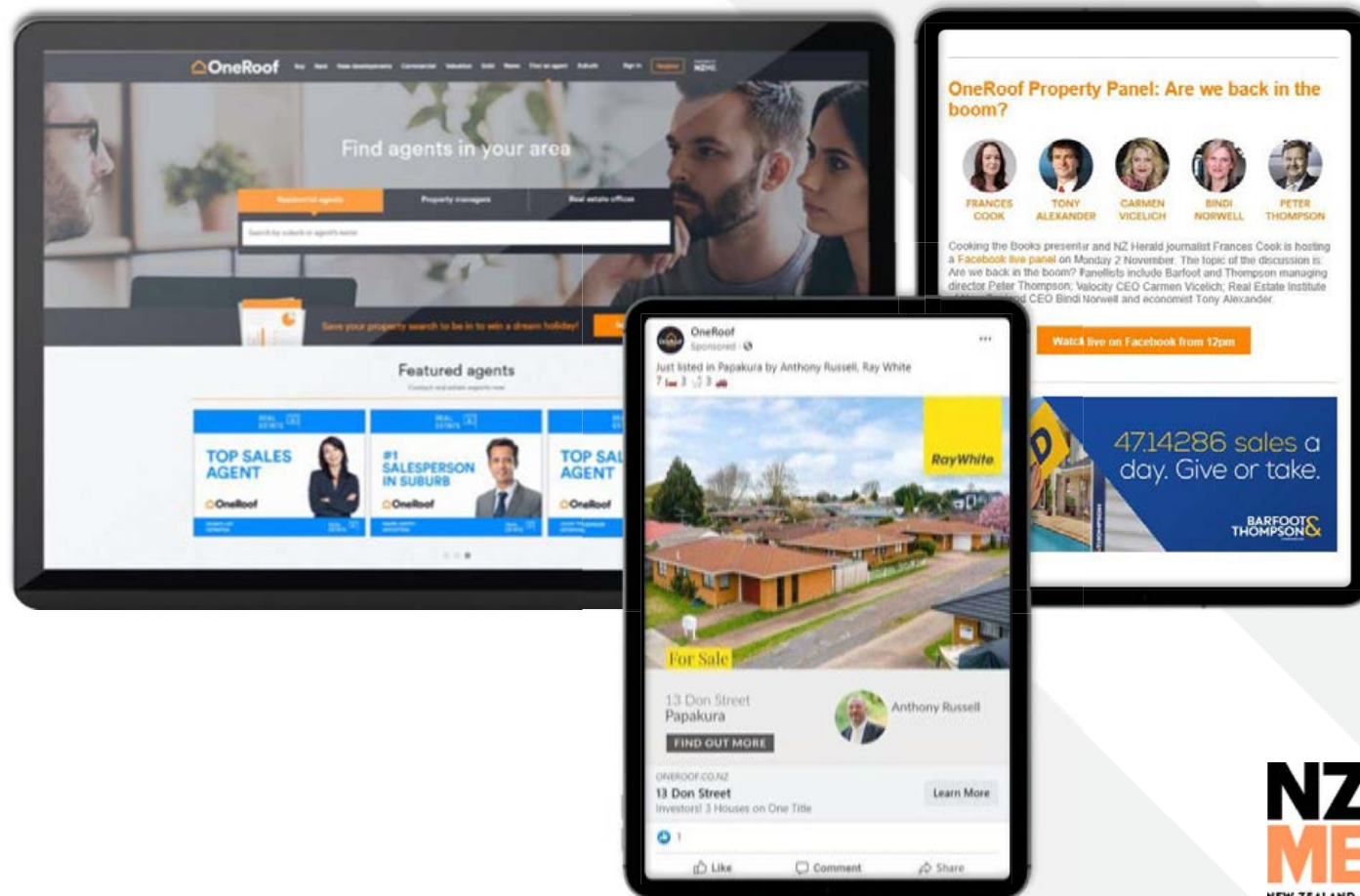
## NOW

- Comprehensive subscription marketing solutions across print, digital, social, email and radio to build agent's brands.
- Live panels, native content options across print, podcast and OneRoof radio show on NewstalkZB, Quarterly Property Report.



## NEXT

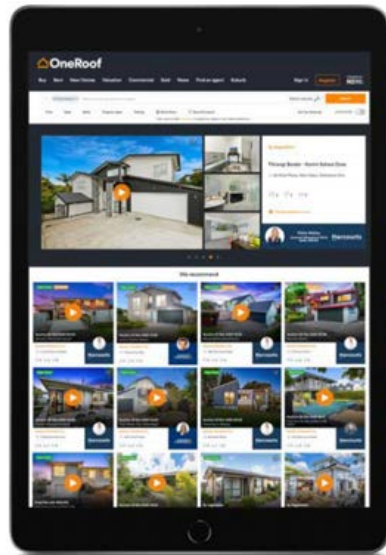
- Contextual and content marketing products. Profile and Agent Lead-generation tools based on OneRoof audience data.
- Create a national network for real estate branding and solutions specific to local markets for agents.





# There are three pillars to the OneRoof Strategy:

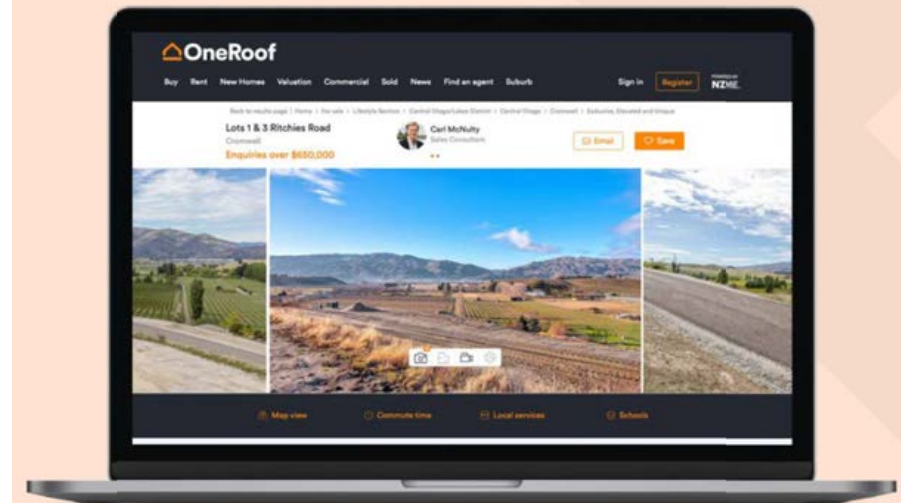
Strengthen Core Residential Listings Business



Be indispensable to Agents



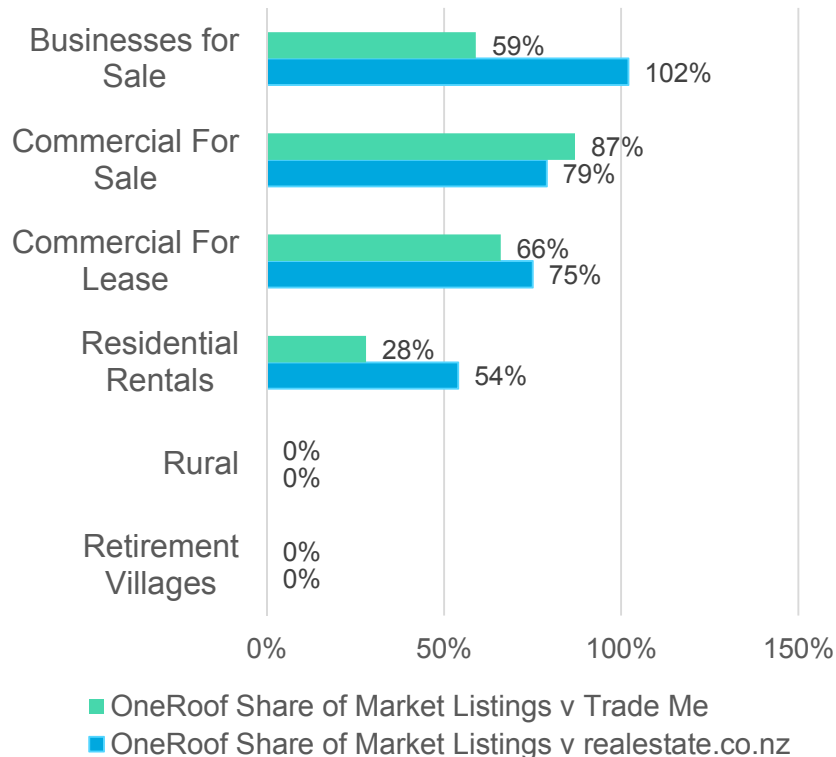
Expand the Portfolio



## An opportunity for transformation

# Expand the portfolio to further verticals and services

OneRoof Share of Listing Types



## Listings Vertical Expansion:

- Build out the listings into key property specialty markets: Commercial, Business Brokerage, Rural, Retirement Villages
- Build the Rental listings marketplace to support the investor market and provide a natural adjacency for property seekers

## Financial Services & Utilities:

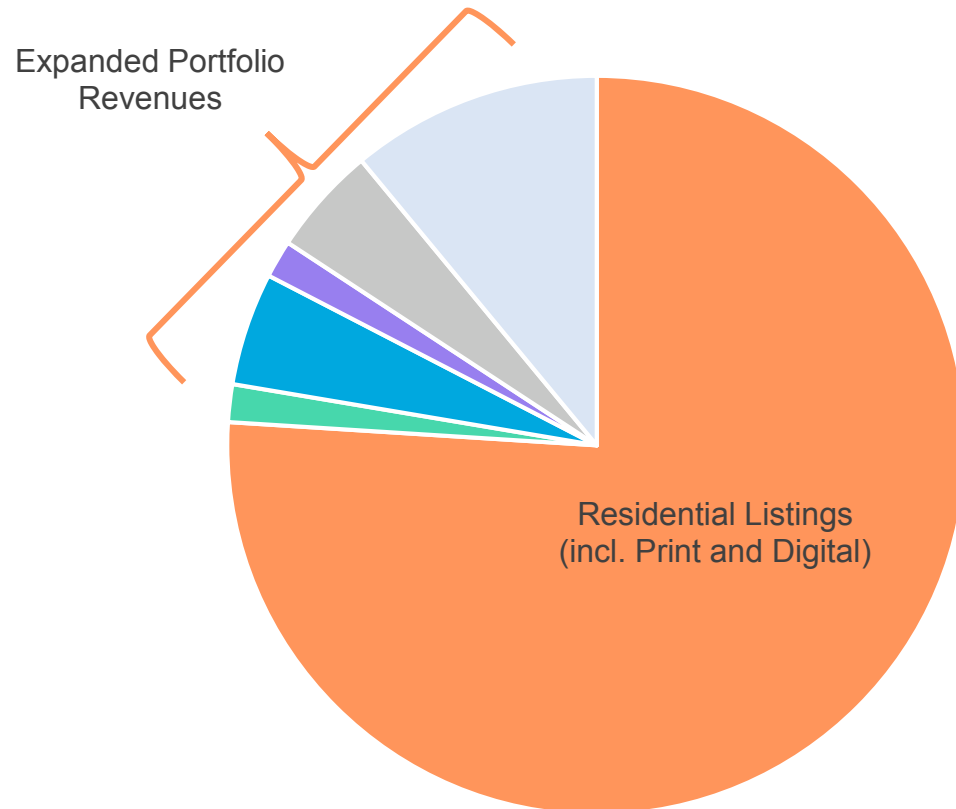
- Provide aligned services tools for buyers, home-owners and renters including home loans, power and broadband
- Future scope for services adjacency product development

## Digital Tools Expansion:

- Machine learning and AI tools to create more automated digital advertising products
- Media attribution models
- Modelled customer segments
- Propensity models and data partnerships

# Diversify overall OneRoof Real Estate Revenue

OneRoof Revenue Mix 2023



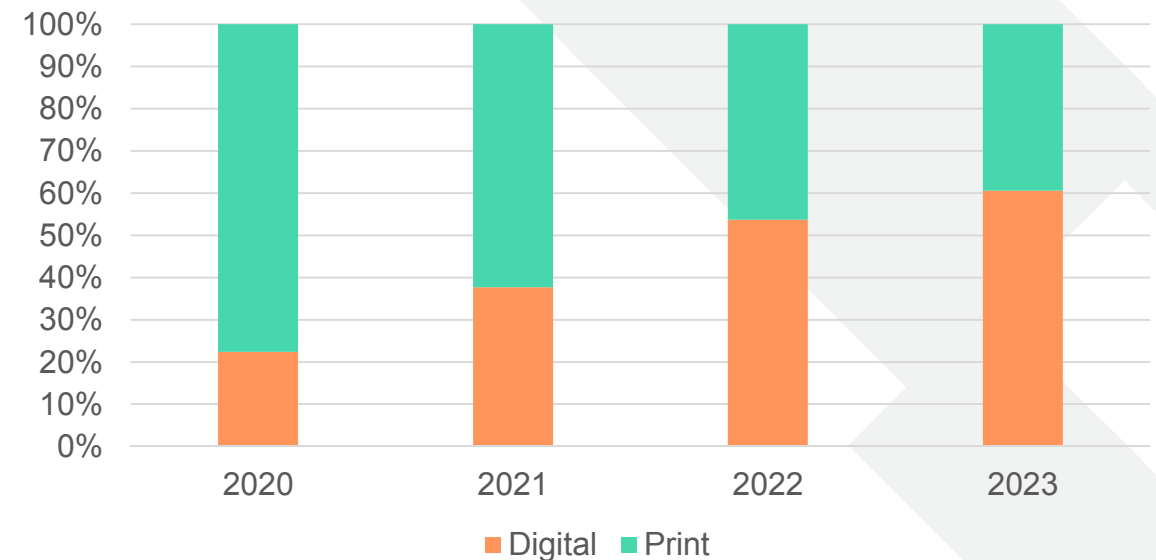
**ONEROOF REAL ESTATE**  
**– YOUR COMPLETE**  
**PROPERTY DESTINATION**



# Scorecard

	Current	2023 Target
<b>Residential Listings</b>	86% <sup>1</sup>	100%
<b>Audience</b>	#2 in total audience in all major NZ markets <sup>2</sup>	Reduce gap to #1 (currently ~200k)
<b>Listings Upgrade %</b>	9%	50% of residential listings
<b>Revenue</b>	~80% Print	Digital > Print

OneRoof Target Transition to Digital Revenue





A portrait of David Mackrell, a middle-aged man with short brown hair and glasses, smiling. He is wearing a dark blue suit jacket over a light blue checkered shirt. The background is a blurred indoor event space with warm lights and purple accents.

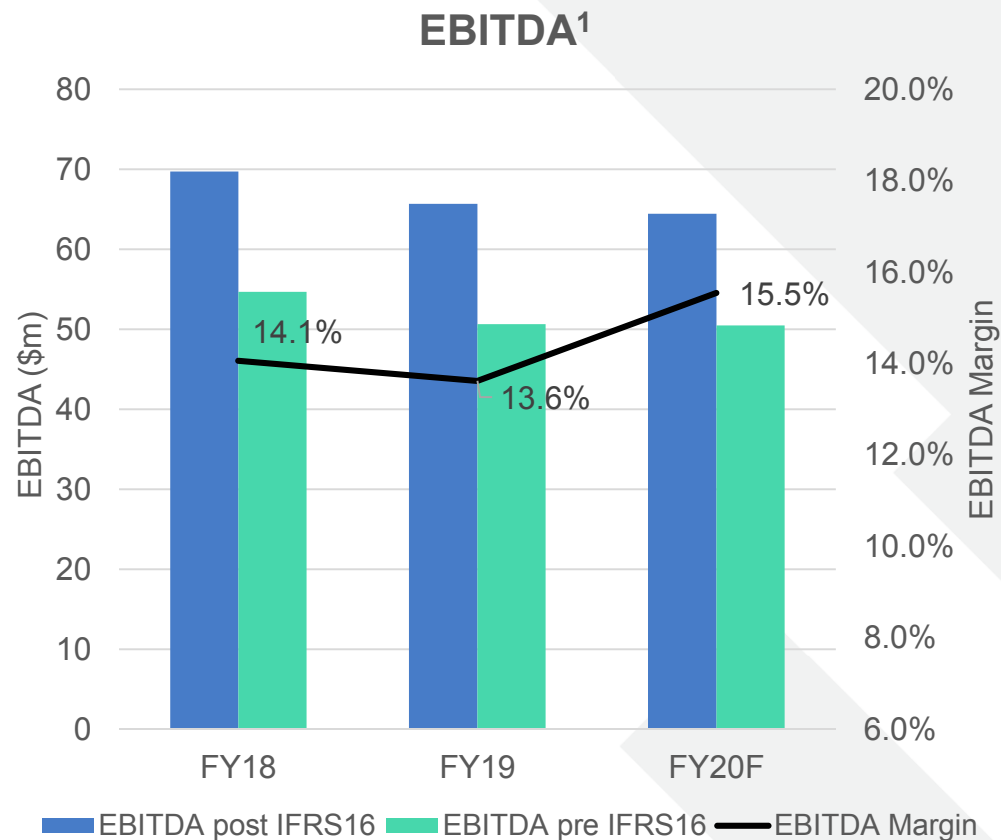
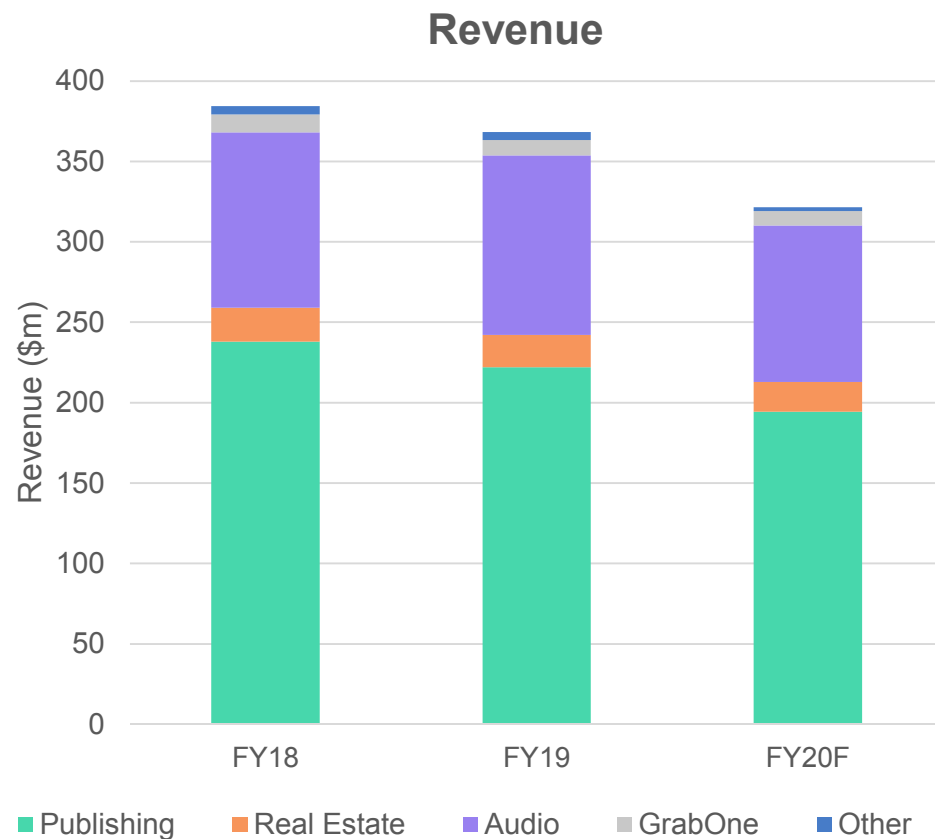
# **6.** **Performance Overview**

**David Mackrell**  
**Chief Financial Officer**



## 6. Performance Overview

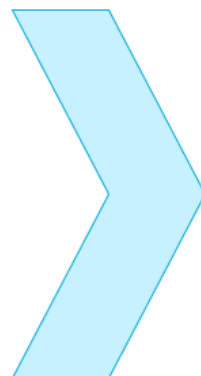
# Earnings stabilised and margin improved



## 6. Performance Overview

# Increased transparency with new Divisional Reporting

CURRENT	Total
Print	
Radio	
Digital	
<b>Total Revenue</b>	
<b>Operating Expenses:</b>	
People and contributors	
Print and distribution	
Agency commission and marketing	
Property	
Content	
IT and communications	
Other	
<b>Total Operating Expenses</b>	
<b>Operating EBITDA<sup>1</sup></b>	



NEW	Audio	Publishing	OneRoof	Other	Total
Reader					
Advertising					
Other					
<b>Total Revenue</b>					
<b>Operating Expenses:</b>					
People and contributors					
Print and distribution					
Agency commission and marketing					
Other					
<b>Total Operating Expenses</b>					
<b>Operating EBITDA<sup>1</sup></b>					

- Revenues and direct costs are reported for each division.
- OneRoof includes all dedicated real estate products including real estate inserts to newspapers (note: represents around half of NZME's total real estate industry revenue).
- Cost pools that relate to multiple divisions have been allocated on an appropriate basis.

## 6. Performance Overview

# FY20F Divisional Performance

\$m	Audio	Publishing	OneRoof	GrabOne	Other	Total
<b>Reader Revenue:</b>						
- <i>Print</i>	-	73	-	-	-	73
- <i>Digital</i>	-	7	-	-	-	7
Reader Revenue	-	80	-	-	-	80
<b>Advertising Revenue:</b>						
- <i>Radio</i>	93	-	-	-	-	93
- <i>Print</i>	-	59	14	-	-	73
- <i>Digital</i>	-	43	4	-	1	47
Advertising Revenue	93	102	18	-	1	213
Other Revenue	6	15	1	9	2	32
<b>Total Revenue</b>	<b>98</b>	<b>196</b>	<b>19</b>	<b>9</b>	<b>2</b>	<b>325</b>
People and Contributors	(49)	(75)	(6)	(4)	(3)	(138)
Print & Distribution	-	(40)	(6)	-	-	(46)
Agency Commission & Marketing	(15)	(15)	(2)	(1)	(0)	(32)
Other	(16)	(21)	(2)	(2)	(4)	(45)
<b>Total Costs</b>	<b>(80)</b>	<b>(151)</b>	<b>(16)</b>	<b>(6)</b>	<b>(7)</b>	<b>(260)</b>
<b>Operating EBITDA<sup>1</sup></b>	<b>19</b>	<b>46</b>	<b>2</b>	<b>3</b>	<b>(5)</b>	<b>64</b>
IFRS16 Adjustments	(5)	(8)	(1)	(0)	(0)	(14)
<b>EBITDA (pre IFRS16)<sup>2</sup></b>	<b>13</b>	<b>38</b>	<b>2</b>	<b>3</b>	<b>(5)</b>	<b>50</b>
<b>EBITDA (pre IFRS16)<sup>2</sup> Margin %</b>	<b>14%</b>	<b>19%</b>	<b>9%</b>	<b>30%</b>	<b>-</b>	<b>16%</b>

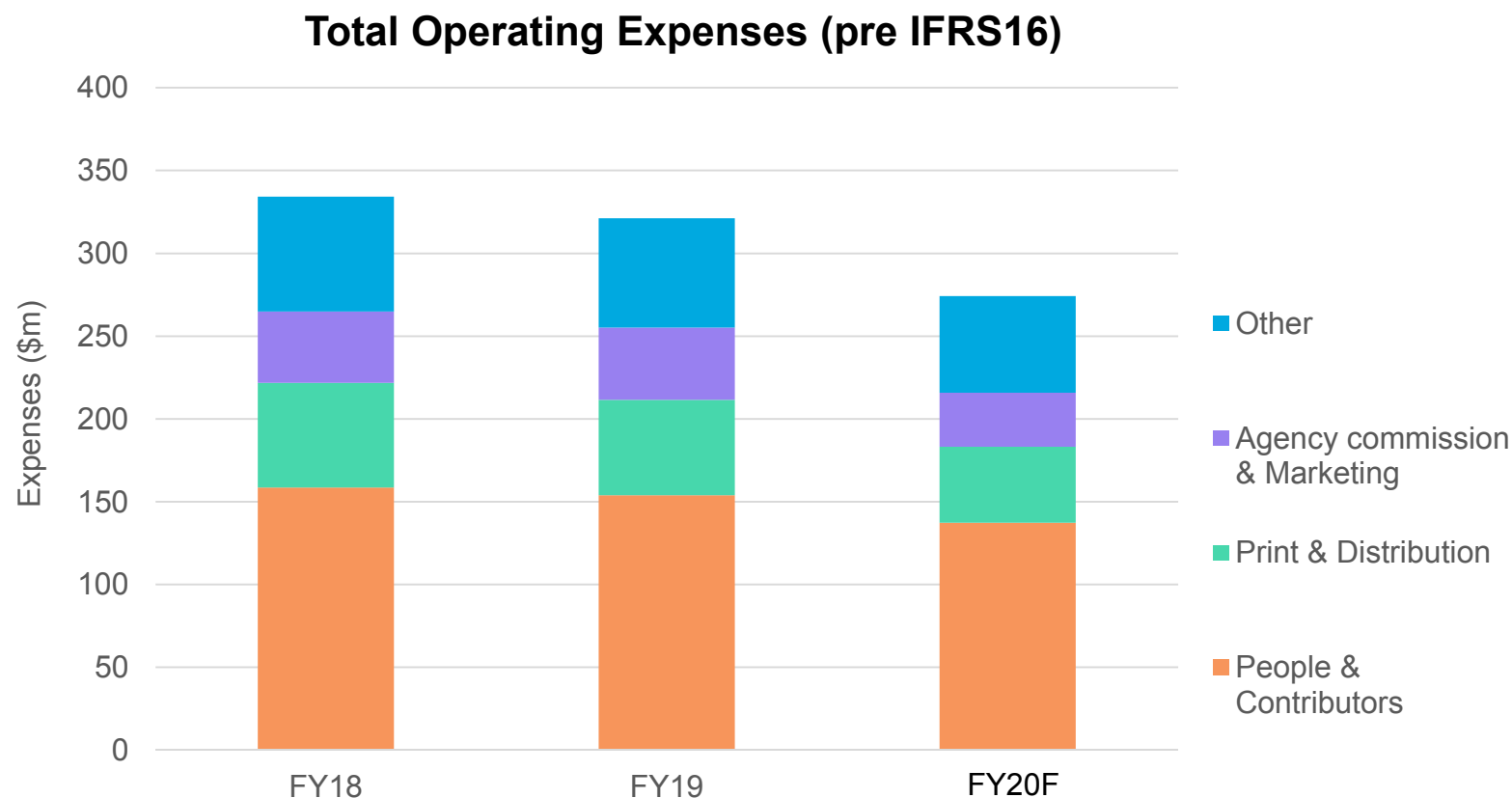
Based on midpoint of guidance range included in the outlook statement.

Cost pools that relate to multiple divisions have been allocated based on revenue, geography and headcount.

Other Revenue includes \$8.6 million of Government wage subsidy.

## 6. Performance Overview

**Cost saving initiatives in FY20 have resulted in permanent savings of \$20m per annum**



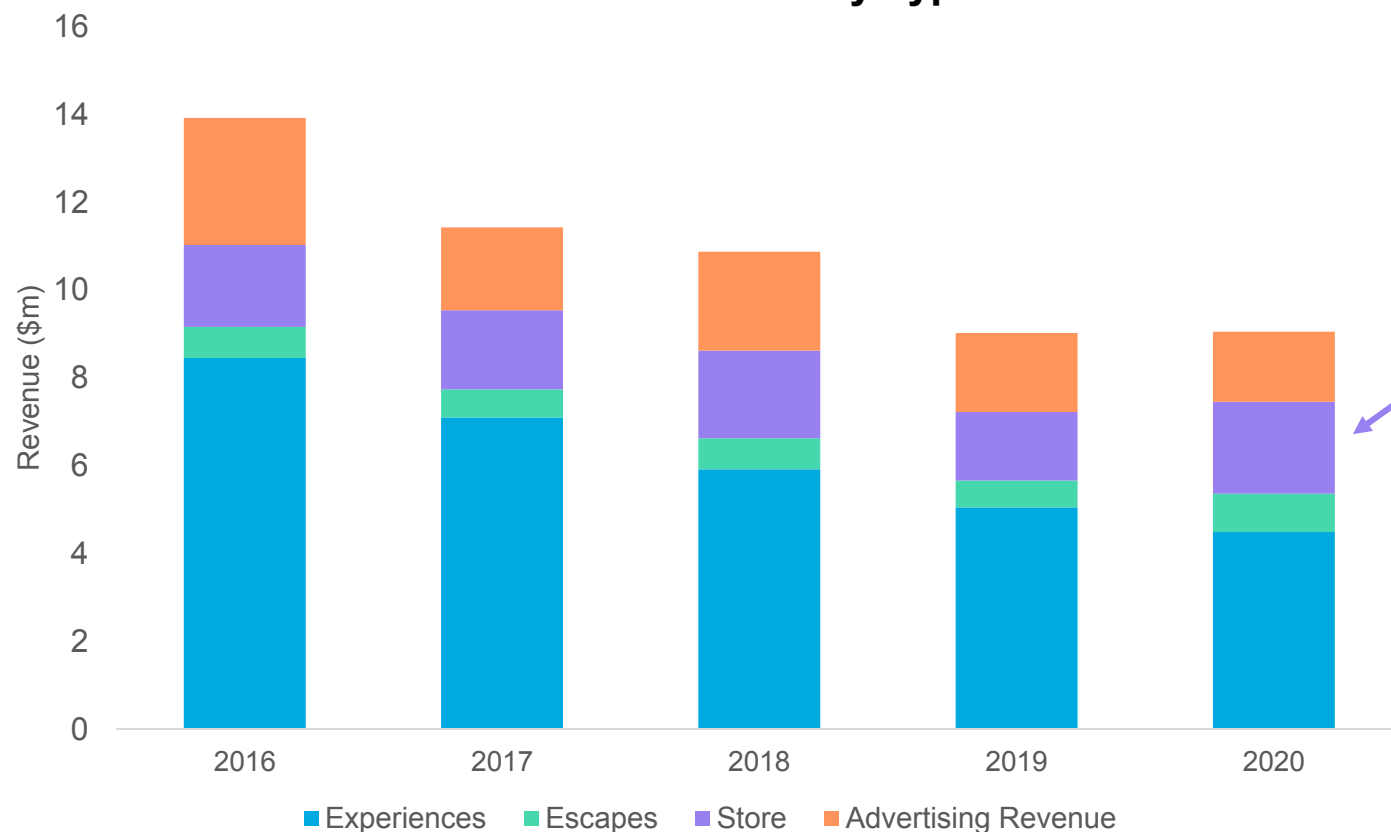
### Cost savings vs. FY19:

\$m	FY20	Future cost base
Temporary / Activity Related Savings	30	-
Permanent Savings	16	20
<b>Total Savings</b>	<b>46</b>	<b>20</b>

## 6. Performance Overview

# GrabOne is not a core strategic focus

GrabOne Revenue by Type



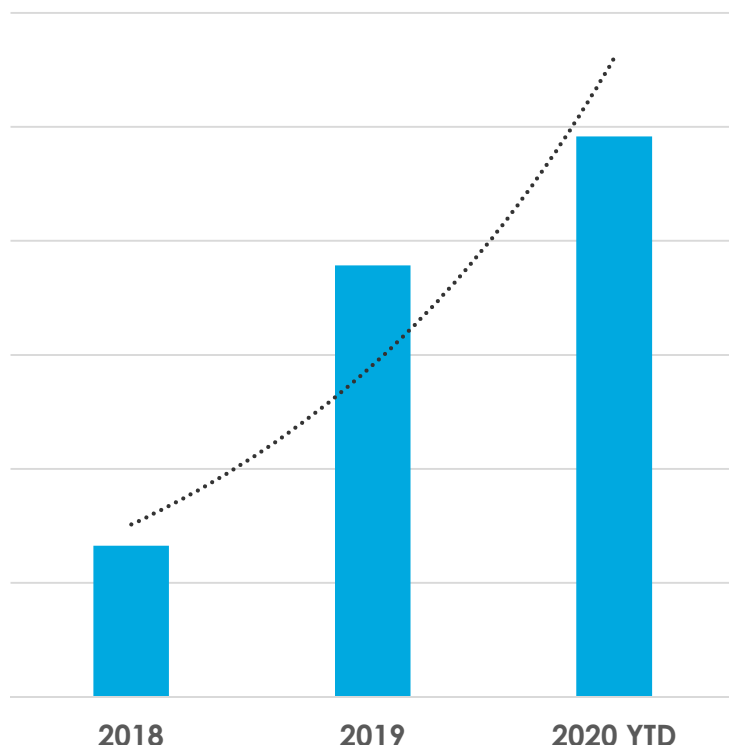
- Transitioned from a daily deals site to an always on platform in 2019.
- Covid-19 has seen an acceleration in 'Store' e-Commerce revenues, with gross Store sales totalling \$12 million, up 33% from \$9 million in FY19.
- Will require further investment in people and technology.
- Not extensively integrated into NZME technology or resources.
- Appointed Grant Samuel to explore divestment options.



## 6. Performance Overview

# Driven remains a future opportunity

DRIVEN.co.nz Revenue



**172,000**

Monthly Unique audience<sup>1</sup>

**+16% YTD vs LY YTD<sup>2</sup>**

Now 34% of Trade Me Motors audience<sup>2</sup>

**42,000+** Listings

(**90%** of Trade Me Motors Dealer Listings<sup>3</sup>)

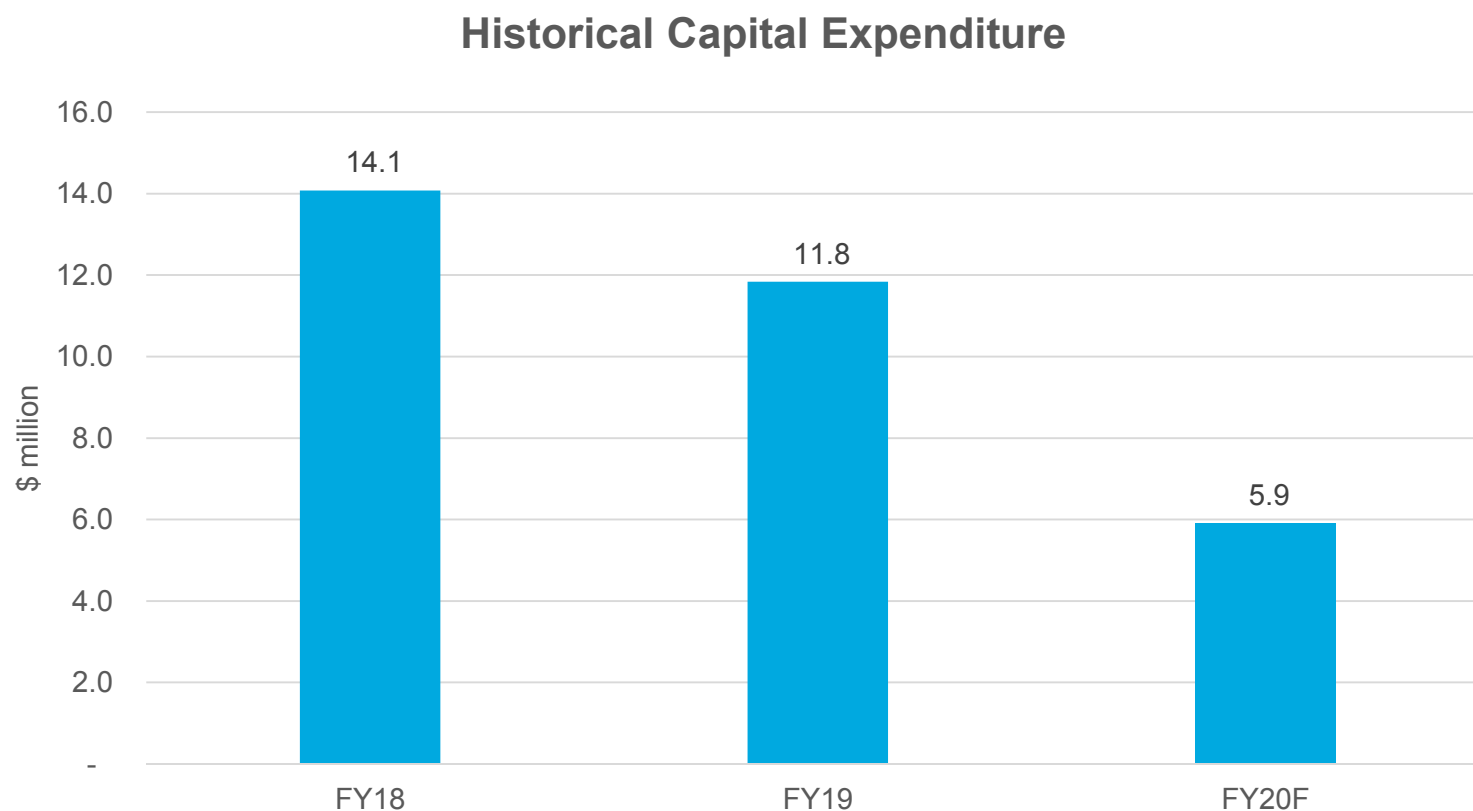
- Automotive remains a top 5 advertising vertical.
- Currently monetising through digital display and lead generation.
- Continue to believe there is an opportunity to expand and grow.
- Not currently one of our three strategic priorities for significant investment.

DRIVEN.CO.NZ

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ME.**  
NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

## 6. Performance Overview

**CAPEX expected at ~\$10-12m per year from 2021 onwards**



## 6. Performance Overview

# EBITDA margin growth targeted across each division

	FY20F EBITDA <sup>1</sup> Margin	FY23 EBITDA <sup>1</sup> Margin Target
Audio	14%	15% – 17%
Publishing	19%	19% – 20%
OneRoof	9%	15% – 25%

## 6. Performance Overview

# Capital Management and Revised Dividend Policy

### Previous Policy

#### Leverage Ratio

Target Leverage Ratio of 1.0 to 1.5 times rolling 12 month EBITDA<sup>1</sup> (pre IFRS16).

The current is less than 1.0 times EBITDA<sup>1</sup>.

#### Dividend Policy

"NZME intends to pay dividends of 30-50% of NPAT subject to achieving the debt reduction target and having regard to NZME's capital requirements, operating performance and financial position."

### Revised Policy

#### Leverage Ratio

Target Leverage Ratio of 0.5 to 1.0 times rolling 12 month EBITDA<sup>1</sup> (pre IFRS16).

#### Dividend Policy

"NZME intends to pay dividends of 30-50% of **Free Cash Flow** subject to being within its target leverage ratio and having regard to NZME's capital requirements, operating performance and financial position."

**The Board expects to be able to consider a dividend payment when facility terms permit, after 30 June 2021.**

134 <sup>1</sup> EBITDA is a non-GAAP measure which excludes the impact of IFRS16 and exceptional items (redundancy costs, one-off projects and other exceptional items) to allow for a like-for-like comparison between 2019 and 2020 financial years. Please refer to the NZME Half Year Results Presentation on NZX and ASX for a full explanation.

## 6. Performance Overview

# Example dividend calculation

\$m	Example Year
<b>EBITDA<sup>1</sup> (pre IFRS 16)</b>	<b>50</b>
Depreciation	(20)
Interest	(4)
Non-Recurring	(2)
Tax	(7)
<b>NPAT</b>	<b>17</b>
Add Depreciation	20
Less Capital Expenditure	(12)
Working Capital Changes	0
<b>Free Cash Flow</b>	<b>25</b>

### Previous Policy Example:

Dividend 40% of NPAT (midpoint)	\$m	7
Cents per share	cents	3

### Revised Policy Example:

Dividend 40% of Free Cash Flow (midpoint)	\$m	10
Cents per share	cents	5

Dividend example uses an EBITDA<sup>1</sup> of \$50 million (pre IFRS16), with other inputs based on normalised historical performance.



# 7. Summary

**Michael Boggs**  
**Chief Executive Officer**



# 2023 Strategic Priorities



New Zealand's  
leading audio  
company



New Zealand's  
Herald



Your complete  
property  
destination

## 7. Summary

# 2023 Scorecard Metrics



New Zealand's  
leading audio  
company

Metric	2023 Target
NZME Share of total audience	> 1% share point growth per annum
Radio Revenue Share	> 1% share point growth per annum
Digital audio revenue as a % of total audio revenue	5%
EBITDA <sup>1</sup> Margin Target (pre IFRS16)	15 – 17%

# 2023 Scorecard Metrics



New Zealand's  
Herald

Metric	2023 Target
Subscription Volume Target	More than 210,000 subscribers by year-end
Subscription Volume Mix	Digital Only > Print
% Households Subscribing	> 12% by year-end
Advertising Revenue Mix	> 45% Digital
EBITDA <sup>1</sup> Margin Target (pre IFRS16)	19 - 20%

## 7. Summary

# 2023 Scorecard Metrics



Your complete  
property  
destination

Metric	2023 Target
Residential Listings	100% of listings
Audience	Reduce gap to #1 (currently ~200k)
Listings Upgrade %	50% of residential listings
Revenue	Digital > Print
EBITDA <sup>1</sup> Margin Target (pre IFRS16)	15 - 25%



# Shareholder value creation

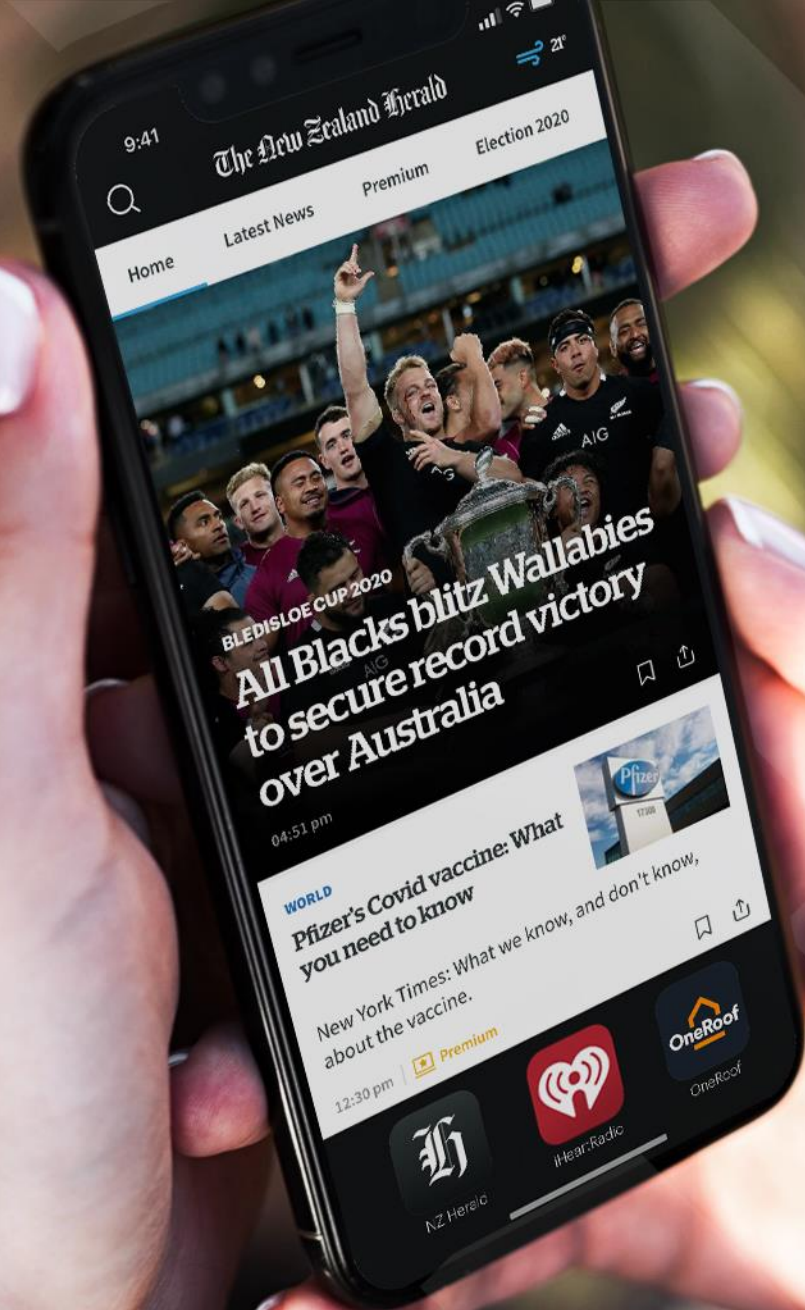
NZME.



# NZ ME. NEW ZEALAND MEDIA AND ENTERTAINMENT

A leading integrated media company

## EVERYONE'S HERE



# Q&A

If you wish to ask a question, please please hover over the bottom of your screen and click “**Raise Hand**”.



When it is your turn, you will be prompted to **unmute your microphone onscreen** and will be invited to talk.



# THANK YOU



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