



**NZ**  
**ME.**

NEW ZEALAND  
**MEDIA AND**  
**ENTERTAINMENT**

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Annual Shareholders  
Meeting

12 June 2019



# Find your voice.

The voice your customers love. The voice that suits your brand. The voice that sells.

**NZ  
ME.**  
NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT



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WELCOME

**Peter Cullinane**

INDEPENDENT CHAIR

**NZME.**



## AGENDA

- 01** Chairperson's Address
- 02** Chief Executive Officer's Address
- 03** Ordinary Resolutions
  - 1.** Election of Director
  - 2.** Auditor's Remuneration
- 04** Special Resolution
  - 3.** Amendment of Constitution
- 05** General Business



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## THE NZME BOARD

**A** **Peter Cullinane**  
Independent Chair

**B** **Carol Campbell**  
Independent Director

**C** **David Gibson**  
Independent Director

**D** **Barbara Chapman**  
Independent Director

**E** **Sussan Turner**  
Independent Director



# THE NZME EXECUTIVE TEAM

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

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

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

**D** **Matt Headland**  
Chief Commercial Officer

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

**F** **Dean Buchanan**  
Group Director,  
Entertainment

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

**H** **Katie Mills**  
Chief Marketing Officer

**I** **Allison Whitney**  
General Counsel &  
Company Secretary



**KEEPING  
KIWIS  
IN THE  
KNOW.**

**New Zealand Media and Entertainment** is built on a legacy of award-winning journalism and broadcasting.

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We deliver news, entertainment, and information to Kiwis every day.

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# Corporate Social Responsibility

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## Amplifying our ability to create positive change in our society

- Committed to a sustainable business focused on our People, our Environment and our Communities
- Materiality matrix of sustainability issues directly affecting NZME completed
- UN Sustainable Development Goals framework adopted to provide a measurement and reporting regime
- A CSR Framework and measurements will be reported for the 2020 financial year



# Capital Management

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- Supports long term strategic objectives and operational priorities to maximise shareholder value.
- Reduce gearing, maintaining investment in our growth opportunities and continuing to pay dividend where trading and investment conditions permit.
- Consistent with the policy, the Board elected not to declare a final dividend with respect to the 2018 financial year.
- Target reduction in net debt of \$10-15 million per annum until such time as the leverage ratio is within our target range of 1.0 – 1.5 times rolling 12-month Trading EBITDA.
- Subject to achieving annual debt reduction targets, and having regard to NZME's capital requirements, operating performance, financial position and cash flow at the time, NZME intends to pay dividends of 30 – 50% of reported NPAT.



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# Michael Boggs

CHIEF EXECUTIVE OFFICER

# NZME 2018 RESULTS SUMMARY



Results impacted by

Pro-active investment  
in Digital Classifieds

Agency market  
headwinds



Statutory NPAT

**\$11.6m**

2017 \$20.9m ▼ 44%

Trading EBITDA<sup>1</sup>

**\$54.7m**

2017 \$66.2m ▼ 17%

Trading Earnings  
Per Share<sup>1</sup>

**9.6cps**

2017 \$13.6cps ▼ 29%

Trading Revenue<sup>1</sup>

**\$378.4m**

2017 \$387.7m ▼ 2%

Trading NPAT<sup>1</sup>

**\$18.9m**

2017 \$26.7m ▼ 29%

Final Dividend

**nil**

2018 total dividends  
2 cents per share

(1) Trading measures used throughout this presentation are non-GAAP measures that are explained and reconciled on pages 34 and 35 of the NZME Full Year 2018 Results Presentation available on the Company's website.



## NZME PRINT

### TRADING REVENUE

# \$211.6 m

-4% vs 2017

**FY2018**

- Print advertising revenue \$114.2m (down 6% vs 2017)
- Circulation revenue \$81.5m (down 2% vs 2017)



## NZME RADIO

### TRADING REVENUE

# \$106.8 m

-3% vs 2017

**FY2018**

- Maintained our share of radio advertising market revenue<sup>1</sup>
- Positive trends in radio advertising revenue in FY19



## NZME DIGITAL & eCOMMERCE

### TRADING REVENUE

# \$60.0 m

+6% vs 2017

**FY2018**

- Long-term driver of growth

# 2019 STRATEGIC PRIORITIES FOCUSED ON GROWTH

## 1 Leading the future of news and journalism in New Zealand



Your Premium

[nzherald.co.nz/premium](https://nzherald.co.nz/premium)

 [nzherald.co.nz](https://nzherald.co.nz)

## 2 Increasing radio capability and performance

THE HITS

 RADIO HAURAKI

Coast

ZM

flava

MIX

RADIO SPORT

Newstalk ZB

hokonui

 iHeartRADIO

## 3 Creating New Zealand's leading real estate platform

The  
new home  
of real estate

[OneRoof.co.nz](https://OneRoof.co.nz)

NZME

# 1 NEWS

LEADING THE FUTURE OF  
NEWS AND JOURNALISM  
IN NEW ZEALAND

## FY19 Focus



New Zealand's destination for trusted premium news content



Launch digital subscriptions



Enhancing print subscriber value proposition

## Key success metrics



Paid content launch Q2 2019



Targeting 10,000 digital subscribers within the first year



Increased premium content and digital audience engagement



Improved print subscriber retention

## Results to date

- NZ Herald Premium launched in April 2019
- 10,000 digital subscribers, of which over 35% have opted for an annual subscription
- 20% of existing 5+day print subscribers have activated their online access

## NZ Herald – Best Daily Newspaper

“A number of excellent news breaks, and a quality production across all sections.”

## Viva – Best Magazine

“An intelligent and professionally put-together magazine section that has its readers in sharp focus and keeps them engaged and entertained ... its fresh design and digital platforms were a standout”

## 2 RADIO

### INCREASING RADIO CAPABILITY AND PERFORMANCE



#### FY19 Focus



Enhance radio sales skills to support integrated selling



Digital audience and revenue growth leveraging iHeart capability



Successfully develop an engaged following for new shows

#### Key success metrics



Radio revenue in growth



Improved audience share in the key 18-54 demographic



Continue to grow iHeart registered users and streaming hours

#### Results to date

- Radio revenue in growth overall at the end of Q1
- Weekly audience of 2 million New Zealanders and increased market share across all markets<sup>1</sup>
- NewstalkZB remains the number one radio breakfast show in New Zealand<sup>2</sup>
- New shows on other channels are proving successful, including:
  - NewstalkZB afternoons
  - NewstalkZB Drive Show
  - The Hits with Laura, Sam & Toni
  - ZM with Bree & Clint
  - Coast with Bernie & Jason
- iHeart registered users ~870,000, up 15% YoY<sup>1</sup>
- iHeart streaming hours 3.5 million, up 6% YoY<sup>2</sup>

(1) GfK Radio Audience Measurement, Commercial Stations, NZME and Partners. Cumulative Audience T1 2019  
(2) GfK Radio Audience Measurement, Commercial Stations, M-F 6am-9am, Cumulative Audience T1 2019  
(3) iHeartMedia; Adobe Analytics, April 2019  
(4) AdWhizz and StreamGuys, April 2019



CREATING NEW ZEALAND'S LEADING  
REAL ESTATE PLATFORM

## FY19 Focus



Secure further market listings and launch new property categories (e.g. new homes)



Continue to develop user features and tools to enhance listings engagement



Lead property market commentary and insights



Continue revenue growth through premium listings and agent products

## Key success metrics



Growth in listings as a % of market



Improved audience listings engagement



Meaningful revenue growth

## Results to date

- Celebrated one year of OneRoof in March 2019
- New Homes category launch scheduled for Q3
- Launched new user features:
  - Create and share Saved Property lists
  - Improved open home planner
  - OneRoof Quarterly Property Report
- Reaching up to 348,000 unique browsers each week
- Revenue growth continues



# Trading Update

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- The successful launch of NZ Herald premium digital subscriptions has exceeded our revenue expectations.
- OneRoof now has 70% of residential property listings with continued revenue growth momentum.
- Advertising bookings year to date are tracking 3% below last year but have declined at a slower rate than full year 2018, with radio revenue in growth.
- Declines in the Agency market continue, impacting digital revenues, however the market is now showing early signs of an improving trend compared to the same period last year.
- Our focus on cost reductions have continued with initiatives delivering improvement in the underlying cost base.
- The company is on target to reduce debt in line with our Capital Management Policy.



**NZME.**





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# RESOLUTIONS



## ORDINARY RESOLUTIONS

# Resolution 1

To consider and, if thought fit, to pass the following ordinary resolution:

### **Resolution 1: Election of Director**

It is hereby resolved, as an ordinary resolution, that Sussan Turner, who joined the board after the last Annual Shareholders' Meeting, be elected as a Director of NZME.

Proxies & Postal votes received	For	Against	Discretionary	Abstain
Number of shares voted by proxy or postal vote	78,264,289	4,288	2,820,540	844,390



## ORDINARY RESOLUTIONS

# Resolution 2

To consider and, if thought fit, to pass the following ordinary resolution:

### **Resolution 2: Auditor's remuneration**

It is hereby resolved, as an ordinary resolution, that the Directors of NZME are authorised to fix the auditor's remuneration.

Proxies & Postal votes received	For	Against	Discretionary	Abstain
Number of shares voted by proxy or postal vote	78,266,561	22,516	2,810,040	834,390



## SPECIAL RESOLUTION

# Resolution 3

To consider and, if thought fit, to pass the following special resolution:

### **Resolution 3: Amendment of Constitution**

To amend NZME's constitution in the form and manner described in the explanatory notes, with effect from the close of the Annual Shareholders' Meeting.

Proxies & Postal votes received	For	Against	Discretionary	Abstain
Number of shares voted by proxy or postal vote	77,960,057	26,239	2,820,040	1,127,171



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# GENERAL **BUSINESS**

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