



# NZME NOTICE OF ANNUAL MEETING

**NZ  
ME.**

NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

# NZME NOTICE OF ANNUAL MEETING

Dear Shareholder,

NZME Limited (**NZME**) invites you to join us for our Annual Shareholders' Meeting.

**The meeting will be held online at [www.virtualmeeting.co.nz/nzm20](http://www.virtualmeeting.co.nz/nzm20) on Thursday 11 June 2020 at 3:00pm (NZT).**

## AGENDA

### 1. Chairperson's Address

Peter Cullinane

### 2. Chief Executive Officer's Address

Michael Boggs

### 3. Ordinary Resolutions

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

#### RESOLUTIONS SUPPORTED BY YOUR BOARD:

#### 1 Election of Director Peter Cullinane

It is hereby resolved, as an ordinary resolution, that Peter Cullinane, who retires by rotation and is eligible for re-election, be re-elected as a Director of NZME.

*Please see explanatory notes for further information.*

#### 2 Election of Director Barbara Chapman

It is hereby resolved, as an ordinary resolution, that Barbara Chapman, who stands for re-election before the end of her term and is eligible for re-election, be re-elected as a Director of NZME.

*Please see explanatory notes for further information.*

#### 3 Auditor's remuneration

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

*Please see explanatory notes for further information.*

#### RESOLUTIONS NOT SUPPORTED BY YOUR BOARD:

#### Shareholder proposals

#### 4 That the directors instigate a plan to breakup the Company so as to realise the commercial values of Masthead brands and encourage an ethos of shareholder wealth creation in the endeavours that make up NZME.

*This resolution is proposed by a shareholder. Please see explanatory notes for further information.*

#### 5 That the directors acknowledge the importance of dividend income to shareholders and there be a more appropriate dividend policy.

*This resolution is proposed by a shareholder. Please see explanatory notes for further information.*

#### 6 That the directors obtain the approval of shareholders before they proceed with any action (costing more than \$1 million, including legal fees) to acquire Stuff.

*This resolution is proposed by a shareholder. Please see explanatory notes for further information.*

### 4. General Business

To consider any other business that may be properly brought before the Annual Shareholders' Meeting. You may send questions in advance to be addressed on the day as further detailed in the Proxy Form.

On behalf of the board



**Peter Cullinane**  
Independent Chair  
12 May 2020

# EXPLANATORY NOTES



## Ordinary Resolution 1: Re-election of Director Peter Cullinane

NZME's constitution and the NZX Listing Rules require that a director does not hold office (without re-election) past the third annual meeting following the director's appointment or 3 years, whichever is longer.

Peter Cullinane was last elected by shareholders at the Company's 2017 Annual Shareholders' Meeting. He has the full support of the Board.

Having had regard to the factors described in the NZX Corporate Governance Code that may impact director independence, the Board considers that Peter Cullinane qualifies as an independent director.

Peter is widely respected in global advertising and marketing and has extensive knowledge and expertise in both Australasian and global markets. Peter is the Founder and Chairman of Lewis Road Creamery Limited and is also an independent director of Sanford Limited. He was formerly Chief Operating Officer of Saatchi & Saatchi (Worldwide), and its Chief Executive Officer (New Zealand) and Chairman (Australasia). Peter was previously on the boards of HT&E Limited (listed on the ASX), WPP AUNZ Limited and SKYCITY Entertainment Group.



## Ordinary Resolution 2: Re-election of Director Barbara Chapman

NZME's constitution and the NZX Listing Rules require that a director does not hold office (without re-election) past the third annual meeting following the director's appointment or 3 years, whichever is longer.

Barbara Chapman was last elected by shareholders at the Company's 2018 Annual Shareholders' Meeting and is therefore standing for re-election before she is required to do so by the NZX Listing Rules. She has the full support of the Board.

Having had regard to the factors described in the NZX Corporate Governance Code that may impact director independence, the Board considers that Barbara Chapman qualifies as an independent director.

Barbara Chapman served as Chief Executive and Managing Director of ASB Bank Limited from 2011 until February 2018. She has extensive business experience gained through a successful career in banking and insurance. During her career she has held a number of senior and executive roles in retail banking, marketing, communications, human resources and life insurance. Barbara is passionate about people and culture, and promoting best practice

in community, governance and sustainability. She is the Chair of Genesis Energy Limited and holds independent directorships on the boards of Fletcher Building Limited and IAG New Zealand Limited. She is also Deputy Chair of The New Zealand Initiative, Patron of the New Zealand Rainbow Tick Excellence Awards, Chair of the CEO Summit Committee for APEC 2021 and holds seats on the Reserve Bank Act Review Panel and the Prime Minister's Business Advisory Council.

## Ordinary Resolution 3: Auditor's Remuneration

The current auditor of NZME, PricewaterhouseCoopers, will automatically continue in office by virtue of section 207T of the Companies Act 1993. Under section 207S of the Companies Act 1993 auditor's fees and expenses must be fixed in the manner determined at the Annual Shareholders' Meeting. Shareholder approval is therefore sought for the Board to fix PricewaterhouseCoopers' remuneration for the following year.

## Ordinary Resolutions 4 and 5: Shareholder Proposals NOT supported by your Board

NZME has received the text of ordinary resolutions 4 and 5 from Mr Neil Parker (a shareholder). Mr Parker has provided the following explanatory note:

*"For three years, shareholders have been hanging out for NZME's digital and e-commerce initiatives to fire. The wide spread of media interests the Company has proved a crippling impediment to getting the necessary tasks done in a timely fashion. The breakup of NZME would make management simpler; concentrate focus and release value for those significant assets like editorial direction that the existing structure/ management appears unable or unwilling to monetise.*

*Almost without exception shareholders want NZME to operate within the bounds of being a good citizen. But business is business. There does need to be a focus on profit to preserve the financial strength of the company, making money for shareholders and rewarding them with an appropriate dividend. The business is put at risk by focusing on other priorities. The Chairman in his report explained to shareholders why the company is in precarious position "focused on supporting our communities, our people and our environment. "This ought not to be at the expense of shareholders. If he can't focus on profit maybe he would be more comfortable working outside the private sector. Profit isn't a dirty word, it is the primary reason why the western capitalistic system has made the past three centuries the best to date for human kind. This system is not perfect but has proven more successful than the alternatives."*

## **THE BOARD UNANIMOUSLY RECOMMENDS SHAREHOLDERS VOTE AGAINST ORDINARY RESOLUTIONS 4 AND 5.**

The Board and management of NZME carefully consider opportunities to either acquire or dispose of assets as they arise, where they believe doing so would create value for shareholders, and on an ongoing basis. In the current environment, the Board of NZME does not believe that a breakup of NZME's business would be in the best interests of NZME and its shareholders.

Diversification is one of NZME's strengths, and is helping NZME to navigate the current economic climate. NZME's FY2019 results note that a decline in print revenue was partially offset by growth in radio and digital operations. NZME continues to believe that digital remains a promising revenue stream, with NZ Herald premium digital subscriptions performing well ahead of expectations.

As Mr Parker should be well aware, given his interest in New Zealand's media industry, the wider media industry in New Zealand is facing challenging times. It has been well reported that many media businesses are struggling and are either for sale or going out of business. Against this backdrop, NZME does not believe that breaking up and selling NZME's media interests piecemeal would achieve a return for NZME and its shareholders that fairly represents the value inherent in the NZME business.

The Board and management of NZME also believe that it is in the best interests of NZME and its shareholders to continue to follow NZME's announced capital management objectives of reducing debt and gearing while maintaining investment in growth opportunities. The Board is conscious of the ongoing impact of COVID-19 and believes that its stringent capital management policy is the very reason NZME has been able to weather the COVID-19 storm as well as it has. The Board has elected not to declare a final dividend with respect to the 2019 financial year, as in the current environment it is simply not appropriate. It will continue to monitor the timing for when it may be appropriate to recommence payments of dividends with regard to both NZME's capital management policy and the environment in which NZME is operating.

Your Board comprises three former CEOs of an advertising agency, a bank and a media company, a former co-head of Investment Banking and a former partner of a "big four" accounting firm.

As Peter Cullinane noted in the annual report, NZME has always based its business decisions on a strong set of values. However, despite acknowledging the importance of NZME's sustainability commitment, the Board remains focused on acting in the best interests of the Company and in a manner that delivers strong returns for shareholders in the long term. Despite Mr Parker's implication to the contrary, the NZME Board remains focused on maximising long-term shareholder value.

Mr Cullinane retains the full support of NZME's Board and management as chairman and looks forward to the continued support of shareholders at this year's annual meeting.

## **Ordinary Resolution 6: Shareholder Proposal NOT supported by your Board**

NZME has received the text for ordinary resolution 6 from Mr Howard Zingel (a shareholder). Mr Zingel has provided the following explanatory note.

*"Following the demerger from APN in mid-2016, NZME was listed on 27 June 2016 and from the onset the Company sought a merger with Stuff. The directors and management were excited by the prospect of huge synergy savings a combined enterprise might enjoy and agreed with Fairfax they would get \$55 million cash and 136 million NZME shares for all of Stuff. The 2016 proposal was fortunately rejected by the Commerce Commission on the grounds that journalism in New Zealand would be unduly concentrated in one enterprise. Forward now four years and the directors and management of our company are still singing from the same song sheet. We have reached a precarious position- the \$55 million banded about in 2016 would by itself equal the total market capitalisation of both Stuff and NZME. The directors and management have been focused on yesterday's business model and failed to grasp the new digital opportunities that have largely passed them by. Forget the newspapers; they are just the stepping stone to launch new business. Go fast and go hard. The newspaper people of yester year let the potential of TradeMe slip through their fingers. [Radio is okay we will still make good money from these businesses].*

*Do it now and do it quickly don't be distracted, the new digital world even at this difficult time, is throwing up opportunities every day. The digital initiatives we do have, lack passion and urgency and imagination. Being bold isn't an option, it is an imperative. [we need a lot more software engineers, fewer middle managers and fewer still PR.]*

*Fellow shareholders I urge you to support the motion. Direct management and the directors to grasp the opportunities of the new environment and put aside a sleep walking management style - being concerned with being seen as a good corporate citizen and steady Eddie. That is a given, if you want a high profile - don't stuff it up, get on with it NOW."*

## **THE BOARD UNANIMOUSLY RECOMMENDS SHAREHOLDERS VOTE AGAINST ORDINARY RESOLUTION NUMBER 6.**

The Board is mindful of its obligations to act in the best interests of the Company and the recommendation under the NZX Corporate Governance Code that shareholders have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

When entering into transactions, NZME will of course seek shareholder approval where it is required to do so. Gaining shareholder approval for entry into a transaction where it is not strictly required lengthens the process significantly and can itself incur significant cost to the Company in preparing and dispatching the necessary meeting documents. Seeking prior shareholder approval is therefore not always in the best interests of the Company, particularly in situations where opportunities arise quickly and there is a need to retain flexibility to capitalise on those opportunities.

Resolutions 4, 5 and 6, if approved, will not be binding on NZME because they relate to the management of NZME.

# PROCEDURAL NOTES

---

## Entitlement to Vote

The only persons entitled to vote at the meeting are those shareholders whose names are recorded in the share register of NZME as at 5:00pm (NZT) on 9 June 2020. Only the shares registered in those shareholders' names may be voted at the meeting.

## Voting and Proxies

All resolutions to be considered at the meeting are ordinary resolutions and will be passed if more than 50% of the votes of shareholders entitled to vote and voting on the resolution are voted in favour of that resolution.

To participate at the meeting online use the following link to NZME's share registrar's virtual meeting platform:

**<http://www.virtualmeeting.co.nz/NZM20>**

Shareholders attending and participating in the meeting virtually via the online platform will be able to vote and ask questions during the meeting. If you will be participating online you will require your shareholder number, found on your voting/proxy form, for verification purposes.

More information regarding virtual attendance at the meeting (including how to vote and ask questions virtually during the meeting) is available in the Virtual Annual Meeting Online Portal Guide, which is available at: <https://bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf>

Your right to vote may be exercised by:

**(a) attending and voting at the online meeting;**

**(b) submitting an online or postal vote; or**

**(c) appointing a proxy (or representative) to attend and vote in your place.**

You can cast a postal vote or appoint a proxy to vote on your behalf by completing and returning the enclosed voting/proxy form in accordance with the instructions set out on the form. Link Market Services Limited has been authorised by the Board to receive and count postal votes at the meeting.

Alternatively, you can submit your vote or appoint a proxy online at <https://vote.linkmarketservices.com/NZM>. You will require your CSN/Holder Number and FIN (New Zealand Register Holders) or HIN/SRN and postcode (Australian Register Holders) to complete your online vote or proxy appointment.

Your completed copy of the enclosed form must be received by NZME's share registrar, Link Market Services Limited, or your online appointment or vote completed, no later than 3:00pm (NZT) on 9 June 2020, 48 hours before the Annual Meeting.

 The New Zealand Herald    THE COUNTRY    Advocate The Northern     be well    VIBE

THE HITS    VIVA    DRIVEN    indulge     OneRoof

Midweek WHANGANUI    Stratford PRESS    MANAWATU Guardian    NewstalkZB    HOROWHENUA Chronicle

TAUPO & TURANGI Weekender    ROTORUA **Daily Post**    Waipā Post    hokonui    M/X

 Herald.on Sunday    **RADIO SPORT**     RESTAURANT HUB    Kapiti News

GrabOne     iHeartRADIO    Te Puke Times     RADIO HAURAKI     spy

HASTINGS Leader    Coast    GOVT JETmag Job Education Training     nzherald.com     canvas

HAWKE'S BAY TODAY    NAPIER Courier    The Aucklander    NEW ZEALAND Education Gazette    CHB Mail

WatchMe.     WeekendHerald    ROTORUA Weekender    Hamilton NEWS    flava

    nzherald  focus    Bay of Plenty Times    Health Central | .nz    Te Awamutu Courier

Whanganui Chronicle    Waihi Leader    Havelock North VILLAGE PRESS    BUSHTELEGRAPH Tararua

Coastal News    Education Central | .com     travel     TimeOut

 OneRoof Commercial    Katikati Advertiser    The Northland Age

**EVERYONE'S  
HERE.**

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