

MARKET ANNOUNCEMENT

14 April 2020

Market Update: COVID-19 initiatives

AUCKLAND, 14 April 2020: NZME Limited (NZX: NZM, ASX: NZM) ("**NZME**") continues to actively monitor the impact of COVID-19 on its business and wishes to update the market on the steps it is taking to mitigate the extent of the impact on NZME and its financial performance.

NZME's core news and broadcast media business is operating as an Essential Service and is continuing to keep Kiwis in the know. Record audience levels are being seen on nzherald.co.nz and on NZME's digital radio platform iHeartRadio.

Operational update

NZME is operating effectively with the majority of staff operating from home. However, a number of NZME's people are required to operate from NZME's premises to ensure its core business continues to operate effectively, but are doing so with measures in place to protect them. These arrangements will continue to be monitored as we move down the New Zealand Government's COVID-19 alert levels.

Cost saving initiatives

In its 23 March 2020 announcement NZME disclosed that it was implementing a number of initiatives to reduce costs and capital expenditure across the business. All operating expenses have been reviewed with a view to minimising overall costs and cash outflows. To date NZME has:

- Applied for and received the government wage subsidy for all eligible employees.
- In accordance with offers made by the CEO and independent directors, reduced directors' fees and CEO salary by 20% from March 2020.
- Implemented a wide scale workforce restructuring project, resulting in the reduction of over 200 positions, including redundancies and removal of vacant positions across the business, representing over 15% of NZME's workforce.
- Requested employees to take annual leave.
- Temporarily suspended products, including a number of newspaper inserted magazines covering real estate, motoring and travel, and reduced sports coverage and publication of community newspapers.
- Ceased broadcasting Radio Sport and reduced the size of NZME's sports coverage teams, with the expectation that NZME can substantially transfer the revenues from these operations to other NZME products.
- Reduced overall discretionary spend and sought rental abatement from its landlords.

- Reduced planned capital expenditure for the remainder of 2020.
- Today started the process of asking all remaining employees to continue on a reduced salary basis for a twelve-week period.

FY20 Outlook

With the Alert Level 4 lockdown in place, NZME is expecting April 2020 advertising revenues to be approximately 50% lower than April 2019. While it remains impossible to predict with any accuracy the impact of the pandemic on NZME's full year financial performance, it is anticipated that revenue will be significantly down on the corresponding period in 2019. The cost saving initiatives above will partially offset the anticipated revenue declines. NZME will continue to monitor the revenue performance and the potential cost saving initiatives into the future.

ENDS

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