



NEW ZEALAND  
**MEDIA AND  
ENTERTAINMENT**

# Half Year 2018 Results Presentation

For the six months ended 30 June 2018

23 August 2018

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A number of unaudited non-GAAP financial measures are used in this presentation, which are outlined in the supplementary information to the presentation. The Group adopted NZ IFRS 15 – *Revenue from Contracts with Customers* on 1 January 2018 without restating the H1 17 comparatives. Trading Revenue

as stated throughout this presentation refers to revenue prior to adjustments for the adoption of NZ IFRS 15. Please refer to note 2.1.1 of the Consolidated Interim Financial Statements for the period ended 30 June 2018 and pages 30 to 31 for a more detailed reconciliation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the unaudited Consolidated Interim Financial Statements for the six months ended 30 June 2018.

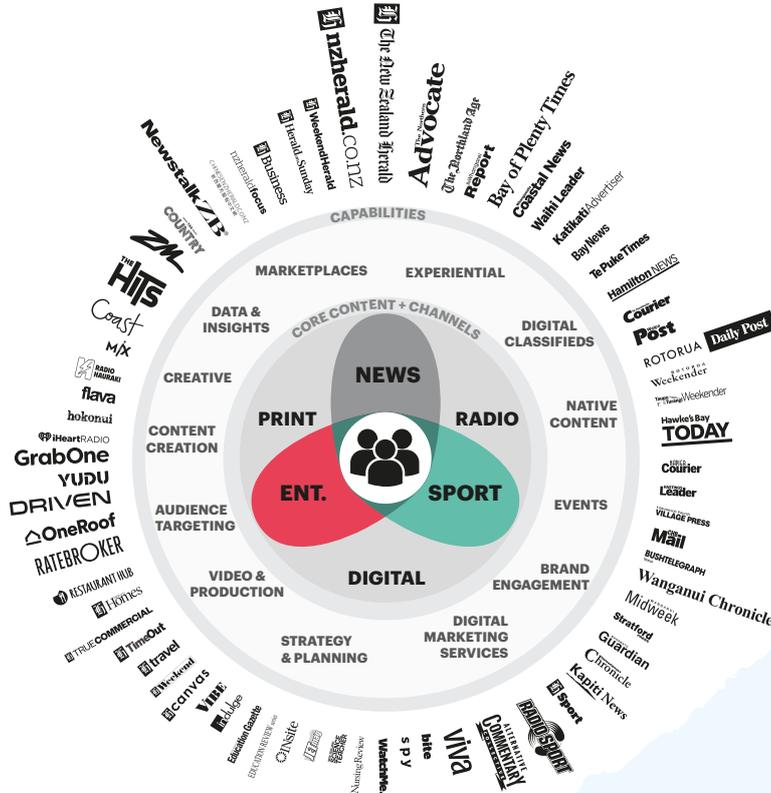
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# AGENDA



- 05** H1 18 Results Summary
- 07** Operational Priorities
- 08** Channel Results
- 15** Digital Classifieds
- 19** Monetising Our Content
- 21** H1 18 Financials
- 26** Outlook
- 28** Q&A
- 29** Supplementary Information

# NZME REACHES 80%<sup>1</sup> OF NEW ZEALANDERS



## PRINT

1.3 Million weekly readers<sup>1</sup>

## RADIO

2.0 Million weekly listeners<sup>2</sup>

## DIGITAL

Unique audience of 2.4 Million per month<sup>1</sup>

EVERY MINUTE, EVERY HOUR, EVERY DAY...

<sup>1</sup>Nielsen CMI May Fused Q2 17 - Q1 18 (population 10+ years) <sup>2</sup>GfK Radio Audience Measurement, Commercial Stations, NZME and Partners. Cumulative Audience T2 2018.

# NZME H1 18 RESULTS SUMMARY

**Statutory NPAT**

**\$3.7m**

H1 17 \$7.8m ▼ 53%

**Trading Revenue<sup>1</sup>**

**\$185.7m**

H1 17 \$191.0m<sup>3</sup> ▼ 3%

**Trading EBITDA<sup>1</sup>**

**\$23.2m**

H1 17 \$28.2m ▼ 18%

**Interim Dividend  
Fully Imputed**

**2.0cps<sup>2</sup>**

Scheduled for payment on  
26 October 2018

<sup>1</sup>Trading measures are non-GAAP measures that are explained and reconciled in the supplementary information on pages 30-31. <sup>2</sup>A supplementary dividend of 0.3529 cents per share will be payable to shareholders who are not tax resident in New Zealand and who hold less than 10% of the shares in NZME Limited. <sup>3</sup>H1 17 Trading revenue includes other income.

# NZME INVESTING FOR THE FUTURE

\$m	H1 18 Trading <sup>1</sup>	H1 17 Trading <sup>1</sup>	% Change
<b>Trading Revenue</b>	<b>185.7</b>	<b>191.0</b>	<b>(3%)</b>
Total Costs excluding Digital Classifieds Costs <sup>2</sup>	(159.4)	(162.8)	(2%)
<b>EBITDA from underlying business</b>	<b>26.3</b>	<b>28.2</b>	<b>(7%)</b>
Costs associated with Digital Classifieds	(3.1)	-	
<b>Trading EBITDA</b>	<b>23.2</b>	<b>28.2</b>	<b>(18%)</b>



- Trading revenue declined just 3% in H1 18 compared to H1 17 reflecting continuation of industry headwinds, to a degree moderated by ongoing market share gains and strong digital growth.
- Excluding the investment in the Digital Classified platforms, underlying EBITDA declined \$1.9m in H1 18 vs H1 17.
- Focus on business efficiency contributed to a \$3.4m reduction in underlying costs.
- In line with the strategy to develop and grow new revenue streams three new Digital Classified businesses were launched in March 2018 incurring costs of \$3.1m. The majority of this investment has been in people, marketing, data and technology licensing.
- We are still early days for these platforms, but encouraged by operational progress and audience growth.

<sup>1</sup>Trading measures are non-GAAP measures that are explained and reconciled in the supplementary information on pages 30-31. <sup>2</sup> Total Costs excluding Digital Classifieds Costs is a non-GAAP measure that shows the Trading Costs for H1 18 of \$162.5m (as reconciled on page 30) less the Costs associated with the Digital Classified platforms launched in H1 18. For H1 17, these costs are the same as Trading Costs as reconciled on page 31.

# NZME H1 18 OPERATIONAL PRIORITIES

## Continued audience growth and engagement

- Total audience 3.3m
- 10% YoY growth in NZ Herald weekly brand audience<sup>1</sup> and 8.5% increase in engagement on nzherald.co.nz<sup>2</sup>
- Radio audience stable
- Strong audience growth in the new Digital Classifieds

## Return advertising revenue to growth

- Advertising revenue in H1 impacted by declining business confidence
- Increasing or maintaining share across all channels in all measurable markets
- Digital revenue growth offset ~70% of the print advertising decline in H1
- Improved trends in radio revenue

## Effective cost and capital management

- \$3.4m decrease in costs<sup>3</sup>
- Cost out initiatives in H1 will benefit H2 performance

## Develop our talent and people

- New prime time shows launched on ZM ("Bree & Clint" Drive show) and Coast ("Jase & Bernie" Breakfast show)
- Building the profile of journalists ahead of paid content launch
- Board renewal completed - two new directors appointed

## Grow new revenue streams

- \$3.1m opex invested in launching three new Digital Classifieds
- Initial reception and engagement positive, but still early days
- Paid subscription capability on nzherald.co.nz on track for end of H2

## Stuff Merger

- Appeal heard in Court of Appeal in June 2018. Judgement expected in H2

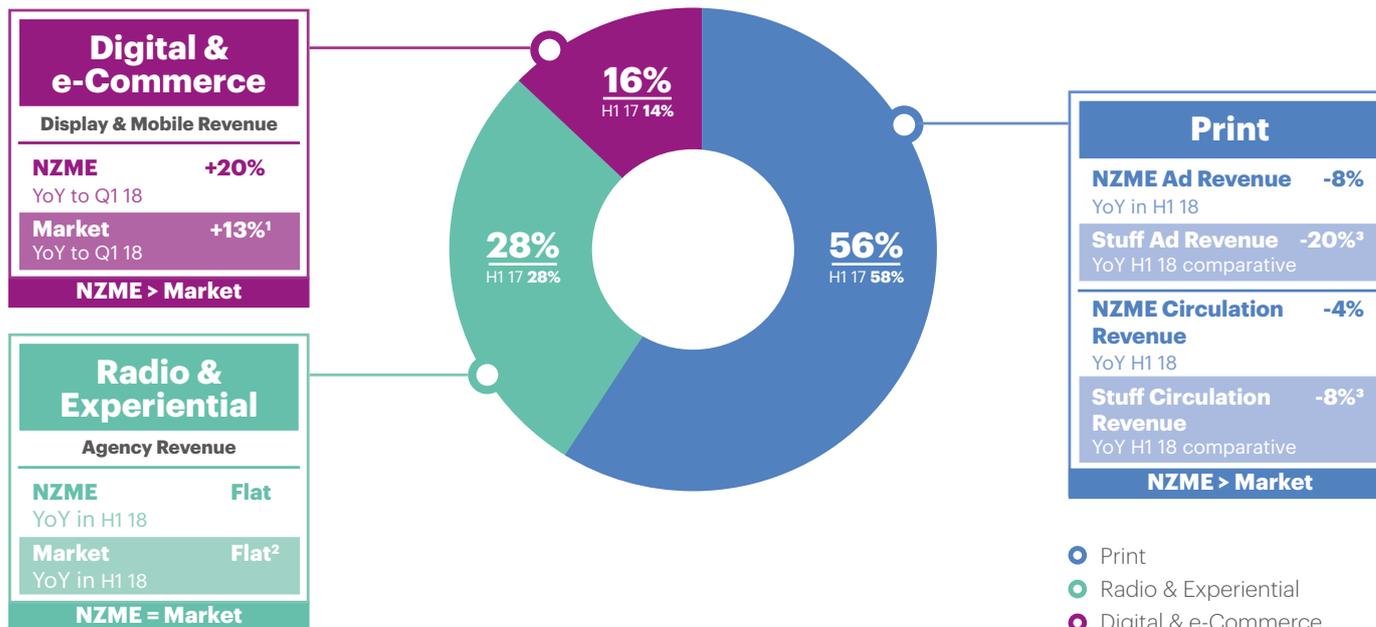
<sup>1</sup>Nielsen CMI Q2 17 - Q1 18 AP 15+. <sup>2</sup>Nielsen Market Intelligence, Domestic Traffic, 2018. <sup>3</sup>Trading Costs excluding Digital Classifieds Costs.



# CHANNEL RESULTS

# NZME H1 18 MARKET COMPARABLES

## MAINTAINING OR GROWING ACROSS ALL CHANNELS



<sup>1</sup>IAB / PwC New Zealand Q1 2018 Interactive Advertising Spend Report; digital excluding search and directories, and social media (NZ market only). <sup>2</sup>SMI New Zealand Agency Advertising Expenditure Report June 2018. <sup>3</sup>Faifax Media Limited Full Year 2018 and Half Year 2017 Reports.

# NZME PRINT

NZME Print Revenue (\$m)	H1 18	H1 17	% Change
Advertising Revenue	55.5	60.2	(8%)
Circulation Revenue	40.4	41.9	(4%)
Other Revenue <sup>1</sup>	7.7	8.4	(9%)
<b>Total Print Revenue</b>	<b>103.6</b>	<b>110.6</b>	<b>(6%)</b>

- Print advertising revenue continues to decline at historical rates.
- Growth continues in readership and audience.
- Circulation volume decline has been largely offset by increases in yield. Cover price increase implemented across all titles on 1 July 2018.
- Other revenue includes printing and distribution services provided to Stuff NZ and other third parties.

 **The New Zealand Herald**

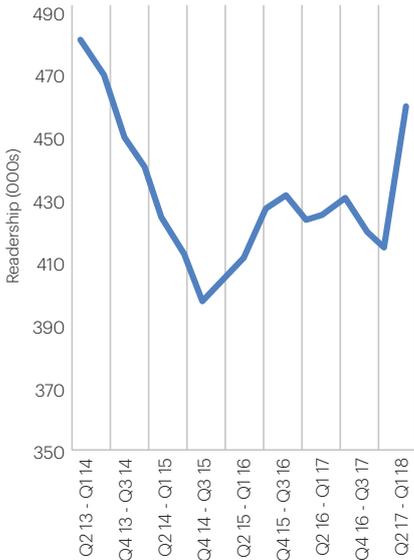
Wanganui Chronicle  ROTORUA 

 **The Northern Advocate**  **Bay of Plenty Times**

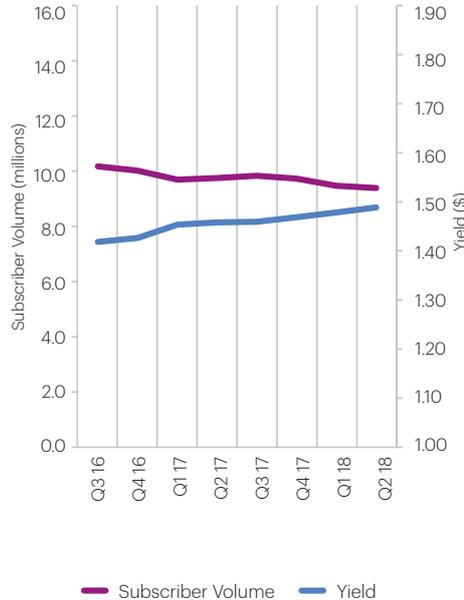
<sup>1</sup>Other Revenue consists of External printing & distribution revenue of \$4.3m (H1 17: \$4.6m) and Other revenue of \$3.4m (H1 17: \$3.8m) as disclosed in note 2.1 of the Consolidated Interim Financial Statements for the period ended 30 June 2018.

# NZ HERALD AUDIENCE GROWING, SUBSCRIBER REVENUES STABLE

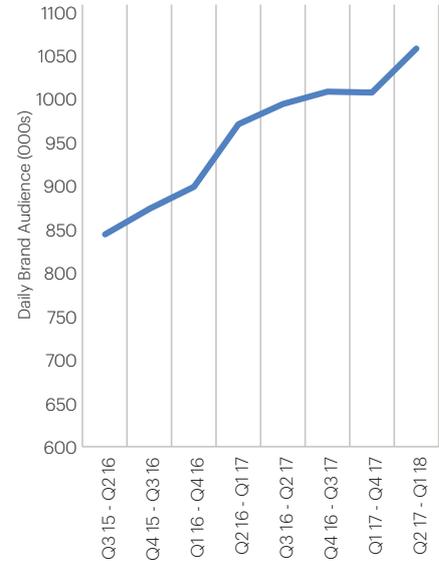
**The NZ Herald Mon-Sat Average Issue Readership<sup>1</sup>**



**NZME Subscriber Volume and Yield<sup>2</sup>**



**NZ Herald Daily Brand Audience<sup>3</sup>**



<sup>1</sup>Nielsen CMI Q2 2017 – Q1 2018, NZ Herald AIR trend, AP15+ <sup>2</sup>Subscriber volume drives revenue and represents the count of individual “paid” papers delivered, including the NZ Herald, Herald on Sunday and Regionals (includes paid trials). Subscriber yield includes promotional volumes. <sup>3</sup>Nielsen CMI Q2 17 – Q1 18, AP15+.

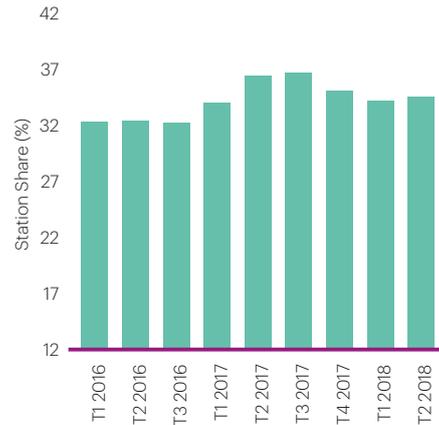
# NZME RADIO & EXPERIENTIAL

NZME Radio & Experiential Revenue (\$m)	H1 18 Trading <sup>1</sup>	H1 17 Trading <sup>1</sup>	% Change
Radio & Experiential Revenue	48.8	50.4	(3%)
Other Revenue (inc. iHeart and Events)	2.2	2.1	1%
<b>Total Radio &amp; Experiential Revenue</b>	<b>51.0</b>	<b>52.6</b>	<b>(3%)</b>

## Change in Radio Revenue % of pcp<sup>2</sup>



## NZME Major Markets 18-54 y/o Station Share<sup>3</sup>



- Radio and experiential revenue declined just 3% after being down 5% in FY17 and 6% in the first half of last year.
- Focus for H2 on continuing the positive momentum in radio revenue.
- Audience is down slightly in the key 18-54 y/o demographic, from our peak a year ago. Newstalk ZB remains #1 radio station in NZ.
- iHeart Radio registered users up 24% YoY to more than 782,000<sup>4</sup> and average monthly streams up 159% YoY to 18.2 million.<sup>5</sup>

<sup>1</sup>Trading measures are non-GAAP measures that are explained and reconciled in the supplementary information on pages 30-31. <sup>2</sup>Previous corresponding period. <sup>3</sup>GfK Radio Audience Measurement, Commercial Stations. NZME & Partners in Major Markets Trended to T2/2018. Station Share %. Mon-Sun 12mn-12mn, 18-54. <sup>4</sup>iHeartMedia, 2017-2018; Adobe Analytics, 2018. <sup>5</sup>AdsWizz and StreamGuys, 2017-2018.



**INTRODUCING**

# **BREE & CLINT**

**4PM-7PM**

**ZM 91.0**

**LISTEN ON**  **iHeartRADIO**

**WatchMe.**

**BREE & CLINT'S CRASH COURSE ZM**

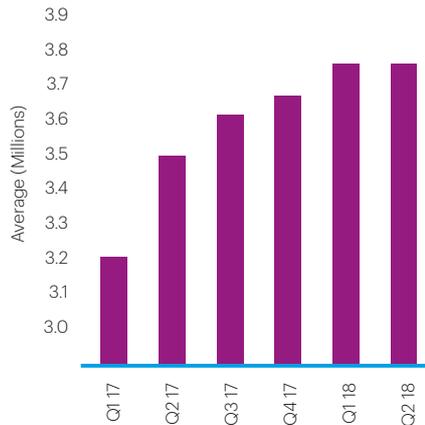
7'0"  
6'10"  
6'8"  
6'5"  
6'4"

**BLIFF**

# NZME DIGITAL & E-COMMERCE

NZME Digital & e-Commerce Revenue (\$m)	H1 18	H1 17	% Change
Digital Revenue <sup>4</sup>	23.9	20.5	17%
e-Commerce Revenue	5.0	5.5	(8%)
<b>Total Digital &amp; e-Commerce Revenue</b>	<b>29.0</b>	<b>26.0</b>	<b>12%</b>

**nzherald.co.nz Average Weekly Unique Browsers<sup>1</sup>**



- Digital advertising revenue grew across all products, outperforming the market.
- Washington Post ARC platform has enabled improved audience analytics and monetisation.
- Native video delivered 6% YoY growth across all sites to more than 2 million views per week<sup>2</sup>.
- Digital revenue growth in H1 offset ~70% of the decline in print advertising revenue.
- nzherald.co.nz continues to attract more than 3.8 million unique browsers per month with mobile audience comprising almost 75% of total audience, up from 60% last year<sup>3</sup>.
- GrabOne (e-Commerce) revenues stabilising, reflecting change of model, improved traffic and email personalisation.

<sup>1</sup>Nielsen Market Intelligence Average Weekly UB's 2017 – 2018. <sup>2</sup>Bright cove analytics, 2017-2018. Native = viewed on an NZME platform. <sup>3</sup>Nielsen Market Intelligence, Domestic Traffic, 2017-2018. <sup>4</sup>Digital revenue consists of Advertising revenue of \$20m (H1 17: \$19.4m) and Other revenue of \$3.9m (H1 17: \$1.1m) as disclosed in note 2.1.1 of the Consolidated Interim Financial Statements for the period ended 30 June 2018.

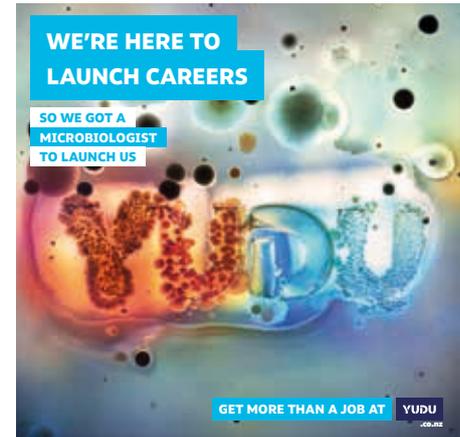
# DIGITAL CLASSIFIEDS



- Needs based search
- Integrated data insights
- Lead generation for agents



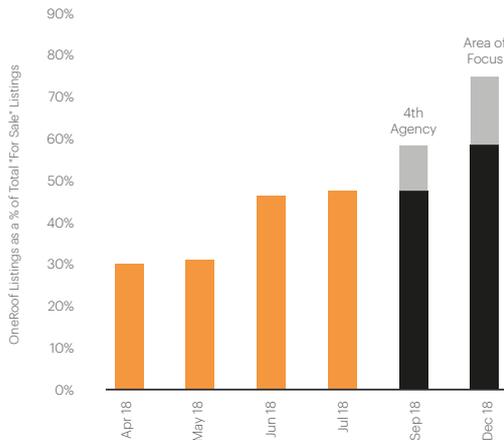
- Unique tools for buyers and sellers



- Targets active and passive candidates
- Championing the candidate

### LISTINGS

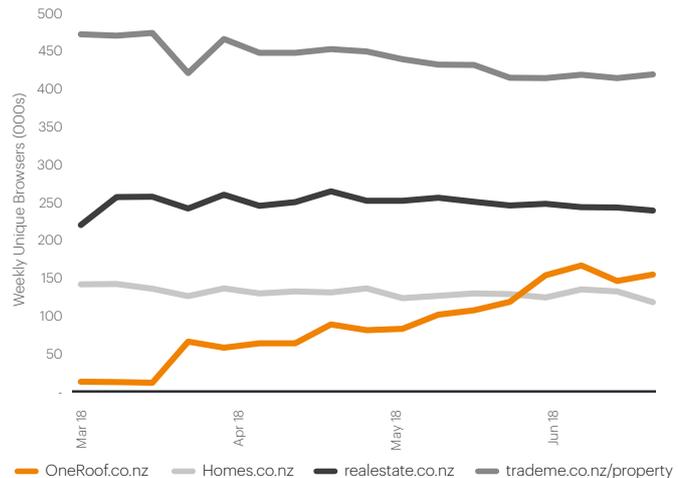
- Launched March 2018<sup>1</sup>
- Currently ~50% of the total market 'for sale' listings on site
- 3 out of 5 major agency groups now on site
- 4th to go live in Q3
- Targeting 75% of the 'for sale' market by December 2018



### AUDIENCE

- Strong audience growth since launch, supported by extensive brand advertising
- Currently reaching ~65% of realestate.co.nz audience

#### OneRoof Weekly Unique Browsers<sup>2</sup>



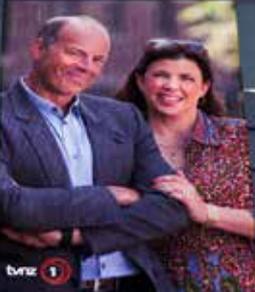
### REVENUE OPPORTUNITIES

- Premium listings
- Branded content
- Sponsorship
- Bundled cross-channel packages
- Agent subscriptions
- Agent profiles

<sup>1</sup>OneRoof is a joint venture between NZME (80% share) and the developer of the platform (20% share). The entity is fully consolidated in the NZME Consolidated Interim Financial Statements. <sup>2</sup>Nielsen Market Intelligence, Domestic Traffic (1 Jan 18 - 30 June 18).

OneRoof .co.nz

**WIN \$10K**  
towards your home deposit



tvnz 1

Watch Kirstie & Phil's  
**Love It or List It**  
Wednesdays at 7:30pm on TVNZ 1  
Spot the code word to be in to win.

Enter at  
[oneroof.co.nz/win](http://oneroof.co.nz/win)



 **OneRoof**

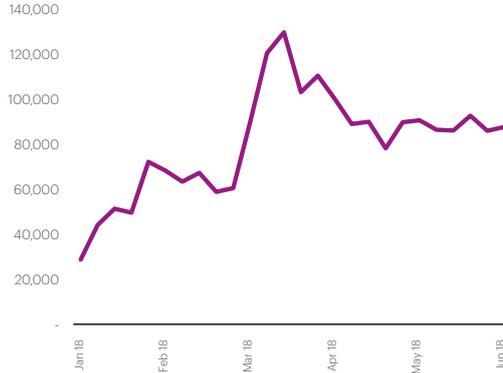


**DRIVEN.CO.NZ**

**SEARCH OVER 30,000 LISTINGS**

**FIND YOUR NEXT CAR NOW Q**

### DRIVEN Weekly Unique Browsers<sup>1</sup>



# DRIVEN

## LISTINGS

- Relaunched site in March 2018
- H2 focus on launching unique tools for buyers and sellers
- Currently have ~60% of all dealer listings in New Zealand

## AUDIENCE

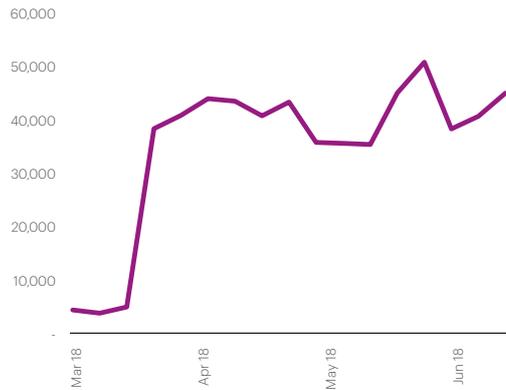
- DRIVEN audience has increased from 6% to ~20% of Trademe Motors' audience

**WE'RE HERE TO LAUNCH CAREERS**

**SO WE GOT A MICROBIOLOGIST TO LAUNCH US**

**GET MORE THAN A JOB AT YUDU.CO.NZ**

### YUDU Weekly Unique Browsers<sup>1</sup>



# YUDU

## LISTINGS

- Launched March 2018
- Currently have 33% of total job market listings

## AUDIENCE

- YUDU audience has increased from 1% to ~30% of Trade Me Jobs' audience

## REVENUE OPPORTUNITIES

- Branded content
- Targeted advertising
- Listings

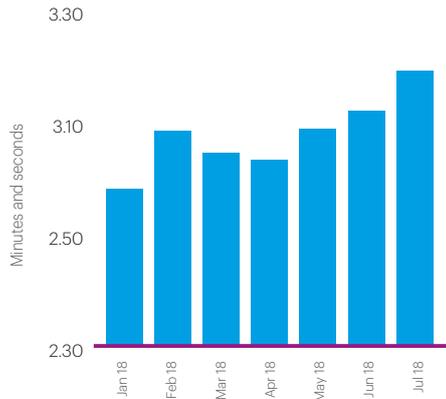
<sup>1</sup>Nielsen Market Intelligence, Domestic Traffic (1 Jan 18 - 30 June 18).

# MONETISING OUR CONTENT

## Global Learnings

- Audience willingness to pay for digital content has increased significantly.
- Majority of global news publishers charge for digital content.
- “Freemium” has become the preferred business model.

### **nzherald.co.nz Average Site Duration<sup>1</sup>**



<sup>1</sup>Nielsen Market Intelligence, Domestic Traffic (1 Jan 18 - 30 June 18).

## NZME PAID PROPOSITION

### **2017 Washington Post ARC Partnership**

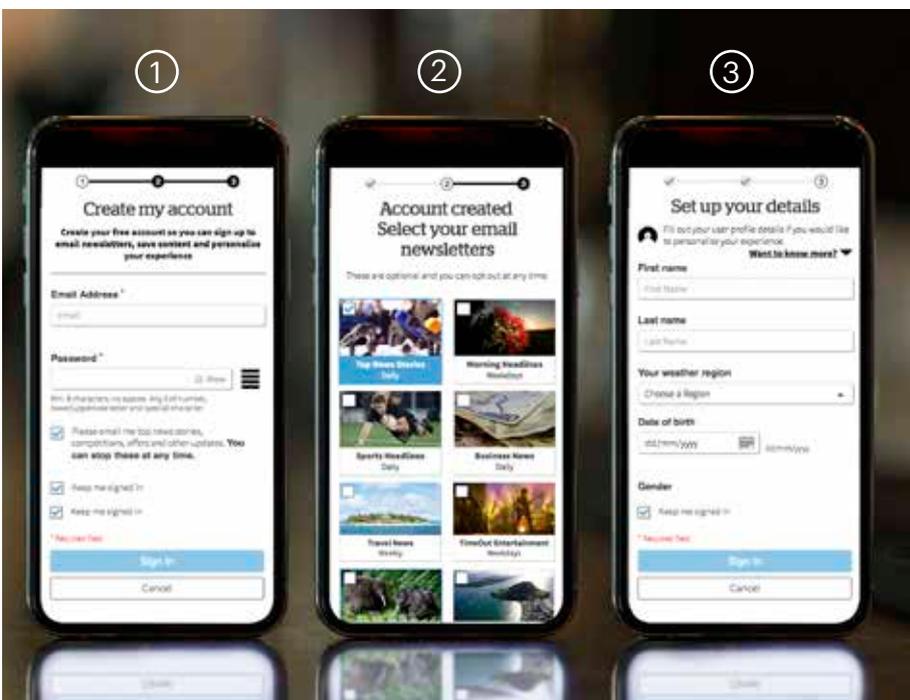
- New Content Management System
- A/B testing of content
- Personalisation
- Launched Premium & InDepth content on nzherald.co.nz

### **2018 Audience Registration**

- Utilising data insights
- Targeted content
- Enhancing talent profiles
- Expanding premium content offering
- Building engagement

### **Paid Content Capability**

- Freemium model for local premium content and premium international business content
- Frictionless user experience and payment options
- Bundled print and digital subscriptions



**Steve Braunias**  
**Opinion writer of the year**



voyager. | Media Awards 2018 — NEW ZEALAND JOURNALISM — AT ITS BEST

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**Audrey Young**  
**Political journalist of the year**



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# H1 18

## FINANCIALS

# NZME TRADING RESULT

\$m	H1 18 Trading <sup>1</sup>	H1 17 Trading <sup>1</sup>	% Change
Revenue	183.5	189.1	(3%)
Other Income	2.2	1.9	13%
<b>Total Revenue &amp; Other Income</b>	<b>185.7</b>	<b>191.0</b>	<b>(3%)</b>
Costs	(162.5)	(162.8)	(0%)
<b>EBITDA</b>	<b>23.2</b>	<b>28.2</b>	<b>(18%)</b>
Depreciation and amortisation	(13.1)	(12.1)	9%
<b>EBIT</b>	<b>10.1</b>	<b>16.2</b>	<b>(37%)</b>
Net Interest	(2.1)	(2.3)	(6%)
<b>NPBT</b>	<b>8.0</b>	<b>13.9</b>	<b>(43%)</b>
Tax	(2.4)	(4.0)	(39%)
<b>Trading NPAT</b>	<b>5.5</b>	<b>9.9</b>	<b>(44%)</b>
<b>Trading earning per share (cps)</b>	<b>2.8</b>	<b>5.0</b>	<b>(44%)</b>

- The statutory results reflect the impact of NZ IFRS 15 *Revenue from Contracts with Customers* on Revenue. For presentation purposes the H1 18 Trading result is provided on a basis consistent with the FY17 result to enable a like-for-like comparison. Refer to page 30 of this presentation and note 2.1.1 of the Consolidated Interim Financial Statements for further detail.
- Trading revenue down 3% due to decline in Print advertising which has been in part offset by growth in Digital.
- Other income primarily relates to the provision of financial back office services to third parties.
- Cost savings have been largely invested in the new Digital Classifieds which has had a flow on effect to NPAT.
- Amortisation has increased reflecting recent investments in software assets.

<sup>1</sup>All Trading measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 30-31.

# NZME COSTS

\$m	H1 18 Trading <sup>1</sup>	H1 17 Trading <sup>1</sup>	% Change
People costs & contributors	79.3	82.1	(3%)
Print & distribution costs	31.2	34.4	(9%)
Agency commission & marketing	17.6	17.5	1%
Property	10.3	10.8	(4%)
Content	7.1	5.6	27%
IT & communications	6.2	5.9	5%
Other	7.7	6.7	15%
<b>Total Costs excluding Digital Classifieds Costs</b>	<b>159.4</b>	<b>162.8</b>	<b>(2%)</b>
Costs associated with Digital Classifieds	3.1	-	-
<b>Total Trading Costs</b>	<b>162.5</b>	<b>162.8</b>	<b>(0%)</b>

- Underlying costs<sup>3</sup> down 2% reflecting the ongoing impact of cost efficiency programs.
- Print and distribution costs are lower due to reduced print volumes and efficiency benefits from the closed loop colour registration upgrade.
- The increase in content costs reflects investment in video content production.
- \$3.1m invested in launching the three Digital Classifieds. The majority of this investment has been in people, marketing, data and technology licensing.

## EXCEPTIONAL ITEMS

\$m	H1 18	H1 17
Redundancies	2.1	1.4
Costs in relation to one-off projects	0.4	1.2
<b>Total Exceptional Items<sup>2</sup></b>	<b>2.5</b>	<b>2.6</b>

<sup>1</sup>All Trading measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 30-31. <sup>2</sup>Refer to Note 2.3.2 of the Consolidated Interim Financial Statements for the period ended 30 June 2018 for a more detailed explanation of exceptional items. <sup>3</sup>Trading Costs excluding Digital Classifieds Costs.

# NZME BALANCE SHEET

\$m	Jun 18	Dec 17	Jun 17
Trade, other receivables and inventory	54.2	57.2	58.4
Trade and other payables	(50.0)	(56.9)	(59.8)
Current tax (liability)/receivable	2.6	(7.6)	(0.3)
<b>Net working capital (excluding cash)</b>	<b>6.8</b>	<b>(7.3)</b>	<b>(1.7)</b>
Fixed, intangible and other assets	395.3	401.3	406.2
Net interest bearing liabilities	(106.1)	(90.2)	(106.8)
Other liabilities	(14.8)	(14.8)	(15.9)
<b>Net Assets</b>	<b>281.3</b>	<b>289.0</b>	<b>281.7</b>
Rolling 12 month Trading EBITDA <sup>1</sup>	61.2	66.2	67.5
<b>Trading<sup>1</sup> net interest cover</b>	<b>14.5</b>	<b>15.2</b>	<b>12.3</b>
<b>Net debt to trading EBITDA</b>	<b>1.7</b>	<b>1.4</b>	<b>1.6</b>

- The balance sheet remains strong with net debt of \$106m stable year on year.
- Lower payables reflects reduced print costs, timing of incentives, and the migration to software as a service.
- The movement in net working capital has been driven predominantly by the timing of tax payments.
- Bank facilities of \$160m expire on 1 January 2020. Undrawn bank facilities as at 30 June 2018 totalled \$41.2m.
- NZME has engaged an external adviser to review our capital structure, dividend policy and advise on the refinance of our bank facilities.

<sup>1</sup>All Trading measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 30-31.

# NZME CASH FLOW

\$m	H1 18 Trading <sup>1</sup>	H1 17 Trading <sup>1</sup>
<b>Trading EBITDA</b>	<b>23.2</b>	<b>28.2</b>
Share based payment scheme (non-cash)	0.2	0.2
Movement in payables and receivables	(4.0)	(9.3)
<b>Cash from operations</b>	<b>19.6</b>	<b>19.1</b>
Net interest expense	(2.0)	(2.2)
Capital expenditure	(7.1)	(6.8)
Exceptional items	(2.5)	(2.6)
Dividends paid	(11.8)	(11.9)
Tax paid	(11.9)	(6.5)
<b>Movement in net debt</b>	<b>(15.9)</b>	<b>(10.9)</b>

- Solid operating cash flow in H1 18 has been applied to tax payments, dividends and capex.
- Key items broadly stable on same period last year, but increased tax due to payment timing.

<sup>1</sup>All Trading measures shown here are non-GAAP measures.



- H1 18 advertising revenue declined 4% on the same period last year. Advertising bookings for Q3 are consistent with the H1 result, down 4% year on year. Agency advertising spend remains challenged and softening economic conditions have the potential to weaken or delay advertising revenue in H2.
- NZME continues to hold or increase share across all channels.
- The benefit of cost initiatives implemented in H1 18 are expected to be reflected in H2 18 but are not expected to be sufficient to offset the softening advertising revenue in the underlying business.
- In addition, we continue to invest in Digital Classifieds to create new future revenue streams and shareholder value. FY18 EBITDA will reflect this softened market and investment in Digital Classifieds.

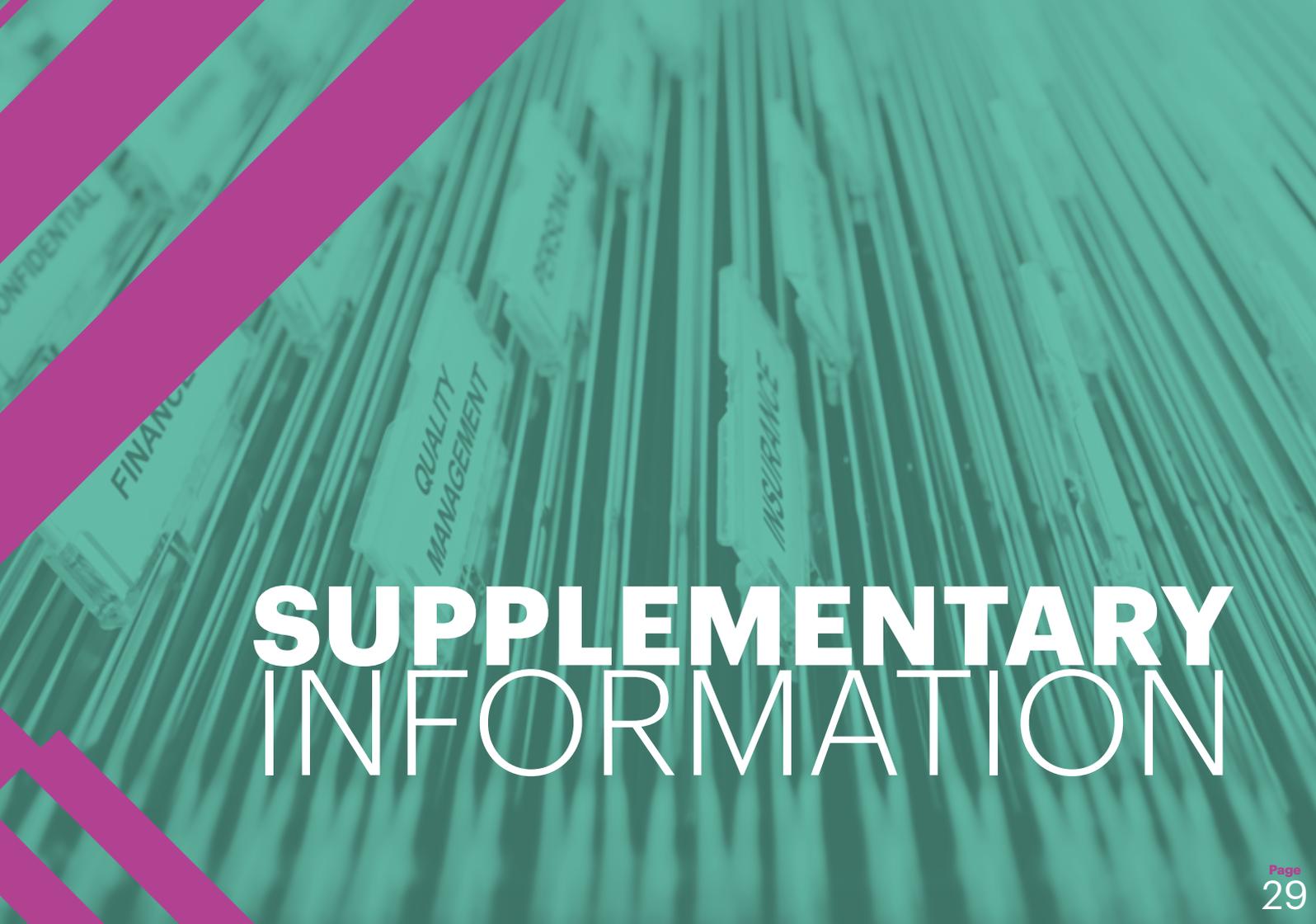
## H2 18 FOCUS ON OPERATIONAL PRIORITIES

<b>Grow audience and engagement</b>	<ul style="list-style-type: none"><li>• Expand range of Premium content on nzherald.co.nz</li><li>• Implement registration on the site to improve personalisation and engagement</li><li>• Embed new radio shows and continue momentum in audience growth</li></ul>
<b>Return advertising revenue to growth</b>	<ul style="list-style-type: none"><li>• Maintain improved direct channel momentum</li><li>• Leverage integrated audience sell across all channels to offset the impact of challenging advertising market</li></ul>
<b>Effective cost and capital management</b>	<ul style="list-style-type: none"><li>• Cost out initiatives implemented in H1, will benefit H2 performance, partially offset by continued investment in Digital Classifieds</li><li>• Have engaged external adviser to review our capital structure</li></ul>
<b>Develop our talent and people</b>	<ul style="list-style-type: none"><li>• Continue to develop the profile of our journalism team ahead of the launch of paid content</li><li>• Attract new talent to further enhance premium proposition</li><li>• Prepare for transition of new talent on key Newstalk ZB shows</li></ul>
<b>Grow new revenue streams</b>	<ul style="list-style-type: none"><li>• Continue to invest in listings and audience on OneRoof, DRIVEN and YUDU</li><li>• Deliver paid content capability in late 2018</li></ul>
<b>Stuff Merger</b>	<ul style="list-style-type: none"><li>• Evaluate following release of Court of Appeal judgement (expected in H2)</li></ul>



Q + A

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**SUPPLEMENTARY  
INFORMATION**

# NZME H1 18

## RECONCILIATION OF TRADING RESULT TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

\$m	H1 18 Trading	NZ IFRS 15 <sup>1</sup>	Exceptional Items <sup>7</sup>	H1 18 Financial Statements
Segment revenue <sup>2</sup>				
- Print	103.6	-	-	103.6
- Radio	51.0	3.8	-	54.8
- Digital	29.0	-	-	29.0
Other Income <sup>3</sup>	2.2	-	-	2.2
<b>Total Revenue and Other Income</b>	<b>185.7</b>	<b>3.8</b>	<b>-</b>	<b>189.5</b>
Costs <sup>4</sup>	(162.5)	(3.8)	(2.5)	(168.9)
<b>EBITDA</b>	<b>23.2</b>	<b>-</b>	<b>(2.5)</b>	<b>20.7</b>
Depreciation and amortisation	(13.1)	-	-	(13.1)
<b>EBIT</b>	<b>10.1</b>	<b>-</b>	<b>(2.5)</b>	<b>7.6</b>
Net interest expense <sup>5</sup>	(2.1)	-	-	(2.1)
<b>NPBT</b>	<b>8.0</b>	<b>-</b>	<b>(2.5)</b>	<b>5.4</b>
Tax <sup>6</sup>	(2.4)	-	0.7	(1.8)
<b>NPAT</b>	<b>5.5</b>	<b>-</b>	<b>(1.8)</b>	<b>3.7</b>
<b>Earnings per share (cps)</b>	<b>2.8</b>	<b>-</b>	<b>-</b>	<b>1.9</b>

<sup>1</sup>For a detailed explanation of the NZ IFRS 15 adjustment please refer to Note 2.1.1 of the Consolidated Interim Financial Statements

<sup>2</sup>Segment revenue in the H1 18 Financial Statements column agrees with the segment revenue as disclosed in notes 2.1 and 2.3 of the Consolidated Interim Financial Statements for the period ended 30 June 2018. The H1 18 Segment revenue excludes the NZ IFRS 15 adjustment to ensure a like-for-like comparison with the H1 17 information that are not restated for the effects of NZ IFRS 15.

<sup>3</sup>Other Income consists of revenue from the shared service centre of \$1.7m and other income of \$0.5m as disclosed in note 2.1 of the Consolidated Interim Financial Statements.

<sup>4</sup>Costs in the H1 18 Financial Statements agrees to Expenses from operations before finance costs, depreciation and amortisation as disclosed in the Consolidated Interim Income Statement.

<sup>5</sup>Net interest expense is made up of Finance Cost of \$2.2m (as disclosed in the Consolidated Interim Income Statement) less Finance income of \$0.1m as disclosed in note 2.1.

<sup>6</sup>Trading tax payable has been calculated using NZME's effective tax rate on NPBT excluding exceptional items of 30%.

<sup>7</sup>Exceptional Items consist of redundancies and costs in relation to one-off projects (as disclosed in the note 2.3.2 of Consolidated Interim Financial Statements).

# NZME H1 17

## RECONCILIATION OF TRADING RESULT TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

\$m	H1 17 Trading Result	Exceptional Items	H1 17 Statutory Result
Segment Revenue <sup>1</sup>			
- Print	110.6	-	110.6
- Radio	52.6	-	52.6
- Digital	26.0	-	26.0
Other Income <sup>2</sup>	1.9	-	1.9
<b>Total Revenue and Other Income</b>	<b>191.0</b>		<b>191.0</b>
Costs <sup>3</sup>	(162.8)	(2.6)	(165.5)
<b>EBITDA</b>	<b>28.2</b>	<b>(2.6)</b>	<b>25.6</b>
Depreciation and amortisation	(12.1)	-	(12.1)
<b>EBIT</b>	<b>16.2</b>	<b>(2.6)</b>	<b>13.5</b>
Net interest expense <sup>4</sup>	(2.3)	-	(2.3)
<b>NPBT</b>	<b>13.9</b>	<b>(2.6)</b>	<b>11.2</b>
Tax <sup>5</sup>	(4.0)	0.5	(3.5)
<b>NPAT</b>	<b>9.9</b>	<b>(2.1)</b>	<b>7.8</b>
<b>Earnings per share (cps)</b>	<b>5.0</b>	<b>(1.0)</b>	<b>4.0</b>

<sup>1</sup>Segment revenue agrees with the segment revenue as disclosed in notes 2.1 and 2.3 of the Consolidated Interim Financial Statements for the period ended 30 June 2018.

<sup>2</sup>Other Income consists of revenue from the shared service centre of \$1.5m and other income of \$0.4m as disclosed in note 2.1 of the Consolidated Interim Financial Statements.

<sup>3</sup>Costs in the H1 17 Financial Statements agrees to Expenses from operations before finance costs, depreciation and amortisation as disclosed in the Consolidated Interim Income Statement.

<sup>4</sup>Net interest expense is made up of Finance Cost of \$2.4m (as disclosed in the Consolidated Interim Income Statement) less Finance income of \$0.1m as disclosed in note 2.1.

<sup>5</sup>Trading tax payable has been calculated using NZME's effective tax rate on NPBT excluding exceptional items of 29%.

**NZ**  
**ME.**