



NZME INVESTOR BRIEFING

JUNE 2016



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GrabOne



Polly & Grant



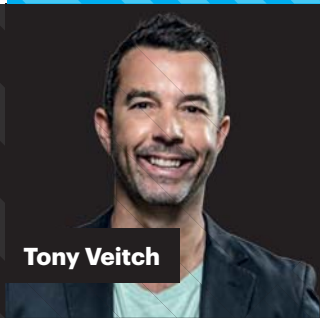
Mike Hosking



Rachel Smalley



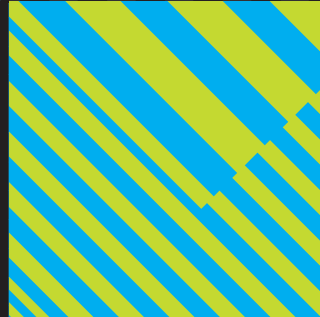
Jeremy Wells
& Matt Heath



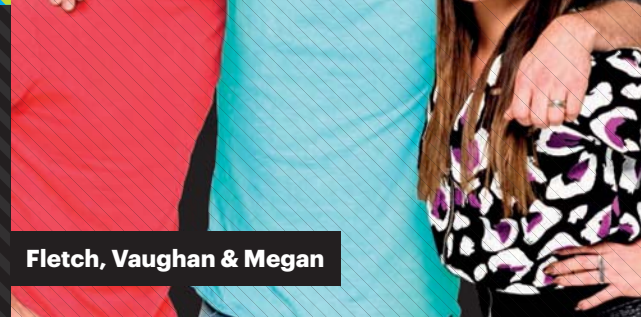
Tony Veitch



Simon Doull & Andrew Mulligan



Fran O'Sullivan



Fletch, Vaughan & Megan



BUSINESS HIGHLIGHTS

NZME is a leading integrated New Zealand media company

- 1** NZME is the home of many well-known publishing, radio and digital brands, providing news, sport and entertainment content to over 3 million New Zealanders¹
- 2** Recent transformation has delivered on financial and operational targets
- 3** Digital revenues have grown strongly with further digital and video initiatives implemented in FY16 (e.g. digital classifieds and NZ Herald Focus)
- 4** NZME is highly cash generative with a proposed dividend payout ratio of 60-80% of underlying NPAT², and capex is anticipated in line with or below historical levels
- 5** The proposed merger with Fairfax New Zealand offers the potential for significant synergies and enhanced content generation

(1) Source: Nielsen CMI, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels

(2) Subject to appropriate leverage and other strategic priorities. Dividend policy subject to review by NZME Board. The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of NZME business and its financial position at the time. Underlying NPAT will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact

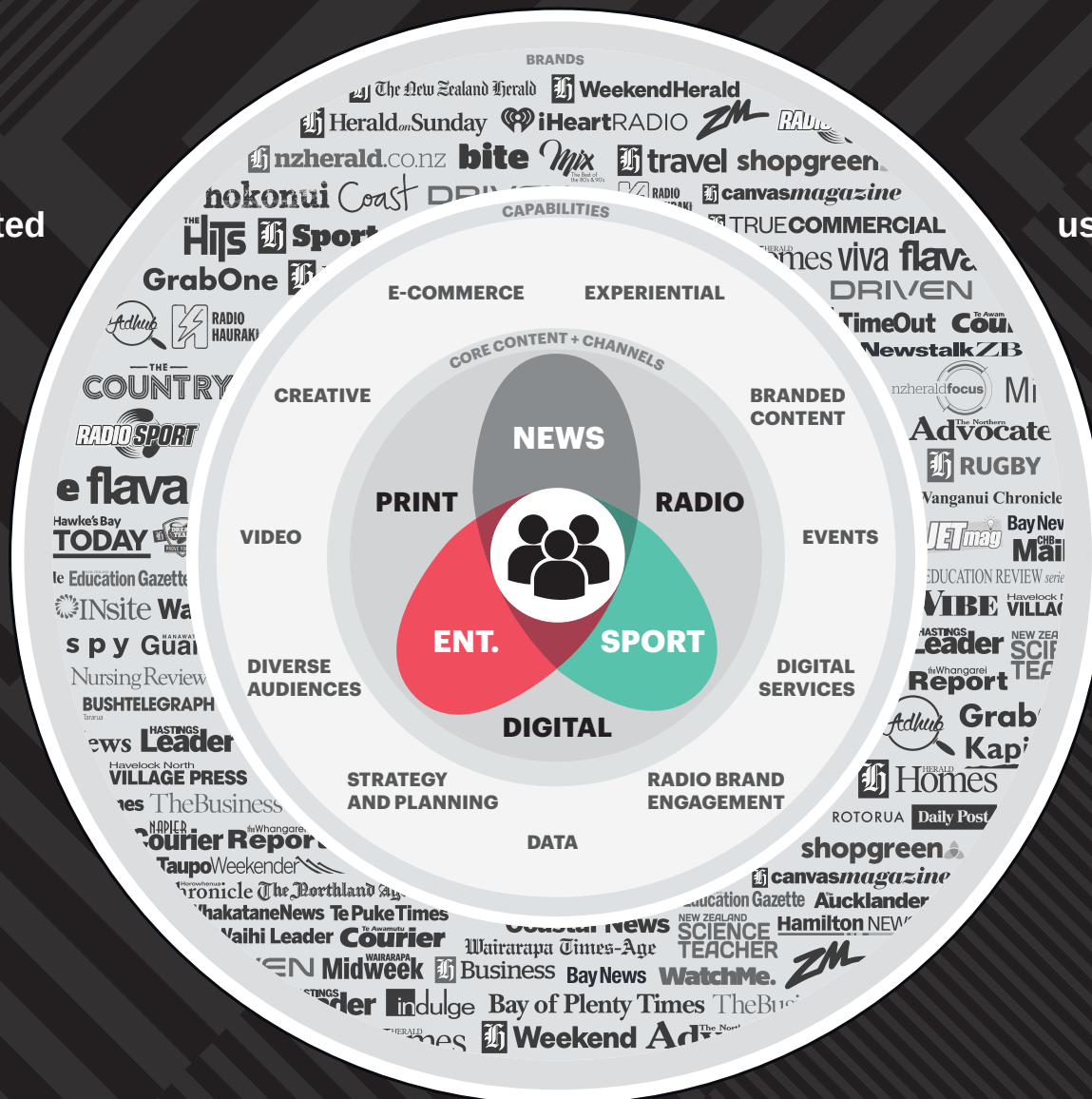
AUDIENCE

CAPABILITIES

CONTENT

BRANDS

**Advertisers amplify
their message across
the NZME network to
engage with target
audiences.**



NZME REACHES AN AUDIENCE OF OVER 3 MILLION NEW ZEALANDERS¹

NZME.^{NEWS}

2.3 MILLION PEOPLE ENGAGE WITH OUR NEWS CONTENT EACH MONTH

NZME.^{SPORT}

OUR SPORTS BRANDS ENGAGE WITH 1 MILLION PEOPLE EACH MONTH

NZME.^{ENTERTAINMENT}

IN ENTERTAINMENT WE ENGAGE WITH 2.4 MILLION PEOPLE EACH MONTH

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

>80%

of the North Island a month¹

~85%

of Auckland a month¹

13%

of total NZ advertising spend a year (~NZ\$2.4 billion market)²

~65%

of the South Island a month¹

Source: Nielsen CMI, February 2016 fused database. Print and Radio based on weekly cume, digital based on monthly domestic unique audience

(1) Source: Nielsen CMI, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels
(2) Advertising Standards Authority 2014



NZME'S **SUCCESSFUL TRANSFORMATION** IN 2015

NZME has transformed into an integrated media company; delivering quality content at a lower cost, maximising cross-selling opportunities, and leveraging NZME's aggregated audience



TARGET	ACHIEVED
• Deliver FY15 EBITDA of NZ\$70.8 million¹	• FY15 EBITDA of NZ\$74.9 million delivered²
• Merge three businesses into one	• Merged business – one newsroom, merged commercial teams • Relocated all Auckland businesses into new purpose built facility • Eleven regions co-located • Achieved on-time and on-budget
• Generate over NZ\$55 million of annual revenue from digital and other growth channels in FY15	• Over NZ\$59 million generated • 33% growth in digital publishing revenue
• Deliver cost savings of NZ\$18 million	• Over NZ\$20 million secured and an additional NZ\$10 million targeted for 2016



(1) NZ\$4 million of listed costs were included in the November 2014 market forecast of NZ\$70.8 million, like for like comparison therefore NZ\$74.8 million

(2) Before allocation of certain income and expenses that have historically been recorded by APN that are attributable to NZME of NZ\$2.4 million (net), incremental stand-alone costs of NZ\$5.1 million and exceptional items

NEW HEADQUARTERS AND INTEGRATED NEWSROOM



INTEGRATION PROVIDES INCREASED OPPORTUNITIES

CONTENT

- Co-located newsroom producing content for all platforms
- Leveraging talent across all platforms
- Lower cost of content production
- New digital content investments funded by cost savings



AUDIENCE

- Engaging with new audiences through events and experiential activations
- Better breadth of audience, directing existing audience to other NZME brands
- Deeper audience engagement e.g. driving radio audience to digital content
- Ability to harness the power of the NZME audience network and data to build audience segments based on user behaviour across NZ Herald, GrabOne and radio websites



ADVERTISERS

- Improving customer experience through sales team integration (single point of contact)
- CreateMe specialises in creating unique, cross-platform branding content solutions for advertisers
- Maximise cross-selling opportunities leveraging extensive audience reach to increase share of advertiser wallet





KEY PRIORITIES

1

DIVERSIFYING REVENUES

- Diversify content delivery across digital, video, activations and transactions
- Continued focus on growing digital audiences and revenues
- Explore ways to monetise and expand data collection following launch of digital registrations
- Extend digital verticals portfolio (e.g. Driven, Spy and Viva)
- Investment in broader capabilities and new revenue streams such as NZME Vision, Driven, CreateMe and WatchMe

2

GROWING AUDIENCE ENGAGEMENT

- Improve content via audience targeting and measurement
- Leverage talent to grow new revenue areas and multi-platform content
- Develop content to grow 18-54 audience

3

OPTIMISING INTEGRATION OPPORTUNITIES

- Leverage the 'one newsroom' to improve content and efficiencies
- Maximise the integrated, multi-platform sales proposition
- Explore further partnership opportunities with other media organisations and distribution platforms (established examples include the printing and distribution agreements with Fairfax Media, Kiwi premium ad exchange (KPEX) joint venture with Fairfax, TVNZ and Mediaworks)



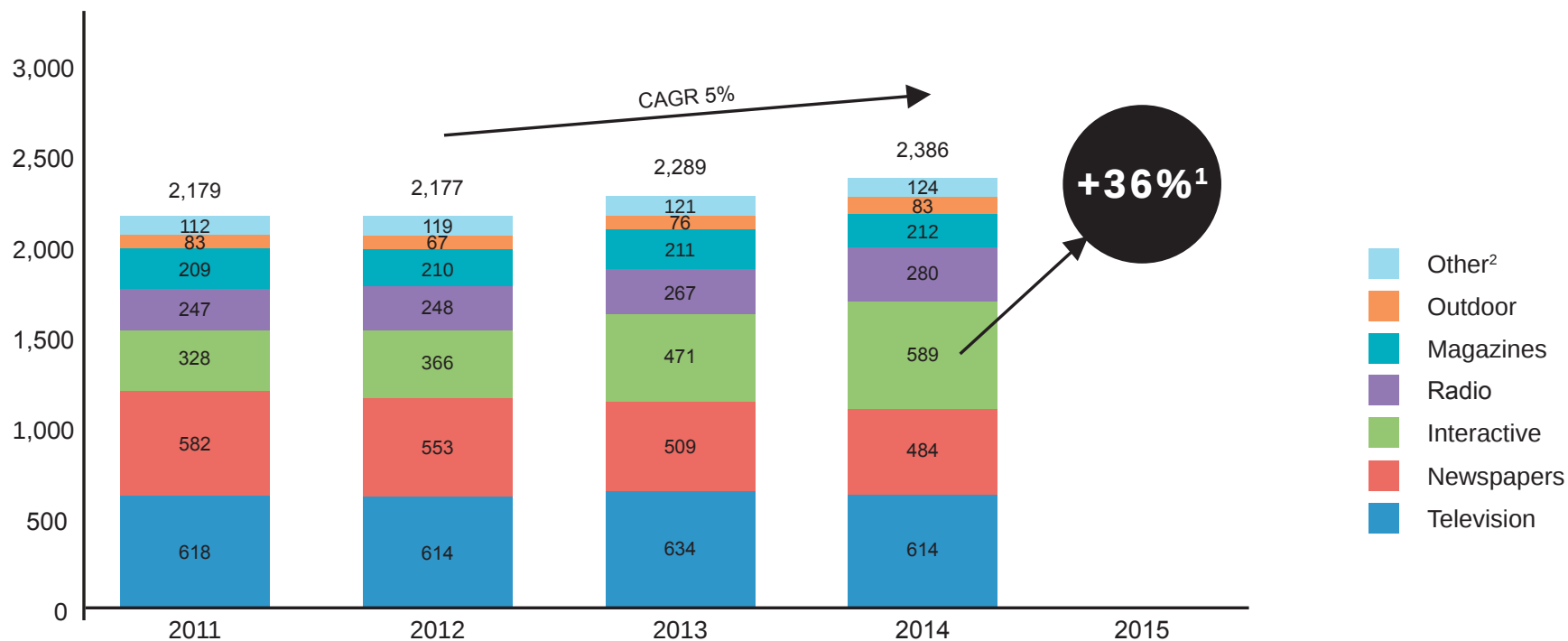
REVENUE SOURCES

NZ ADVERTISING MARKET TRENDS

The New Zealand media industry generated approximately \$2.4 billion in advertising revenue in 2014

Advertising Standards Authority publishes data on advertising spend in New Zealand. No channel breakdown data has been released for 2015. However, some sectors have released their own figures.

ADVERTISING SPEND IN NEW ZEALAND BY CHANNEL 2011 - 2014 (NZ\$M)



Source: Advertising Standards Authority

NZME operates in the ASA channels of radio, interactive and newspapers. NZME's revenue growth relative to market trends is driven by its relative mix of revenue by channel. NZME's business and revenue trends are described on the following pages.

(1) Source: Interactive Advertising Bureau (IAB) 2015 and NZME analysis.

(2) Other includes addressed mail, unaddressed mail and cinema.

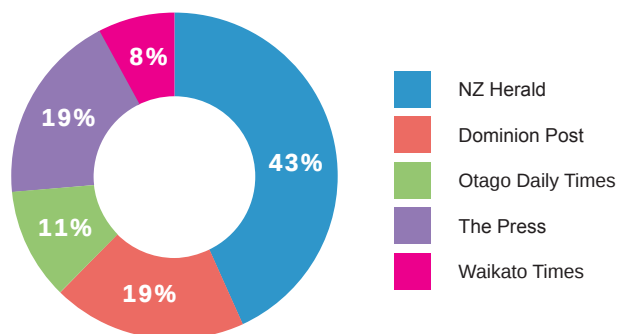
NZME PRINT

#1 read newspaper in New Zealand: THE NEW ZEALAND HERALD

The New Zealand Herald:

- Awarded Newspaper of the Year at the 2015 Trans-Tasman PANPA Awards
- Herald on Sunday – #1 read Sunday newspaper in New Zealand

METROPOLITAN PUBLISHING CIRCULATION SHARE



Source: New Zealand Audit Bureau of Circulation, Average Daily circulation (Dec 2014 – Dec 2015)

Six regional daily papers (The Northern Advocate, Bay of Plenty Times, Hawke's Bay Today, Rotorua Daily Post, Wairarapa Times-Age¹, and Wanganui Chronicle) and 23 community papers, along with The New Zealand Herald, reach more than 1.2m New Zealanders each week.

(1) NZME has entered into a conditional sale and purchase agreement to sell the Wairarapa Times-Age. The transaction is expected to complete on 29 June 2016.

NZME continues to further monetise its publishing content across digital channels, e.g. nzheraldfocus

Newspaper-inserted-magazines facilitate targeted advertising

canvas

- NZME's lifestyle focused newspaper-inserted-magazine
- Weekly readership of approximately 279,000

viva

- Magazine and website showcasing the best in fashion, beauty, food, wine and design
- Weekly readership of approximately 235,000

HERALD Homes

- Real estate classifieds
- Weekly readership of approximately 201,000

Newspaper-inserted-magazines contribute over 40% of New Zealand Herald print advertising revenue.

NZME Print Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
Advertising Revenue	179	164	152
Circulation	96	98	94
Other Revenue	12	13	18
Total	287	276	264

Note: NZME print revenue is presented differently to the publishing revenue presented in the Explanatory Memorandum. An explanation of differences and a reconciliation is included in the Appendix.

NZME is expanding its newspaper-inserted-magazines to digital platforms, e.g. viva.co.nz

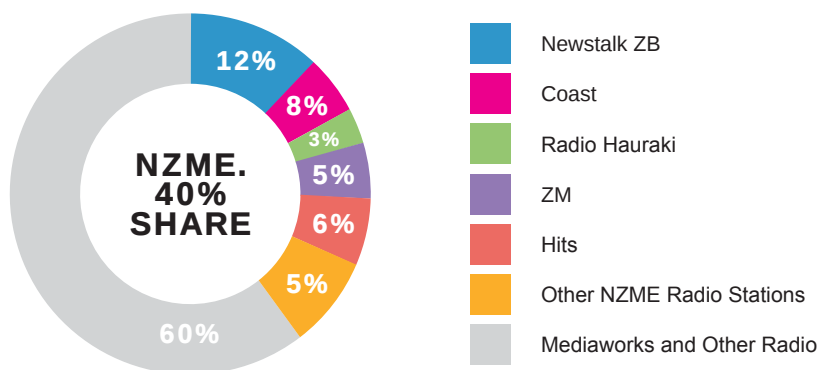
NZME RADIO & EXPERIENTIAL

NZME Radio is #1 nationally in News, Sport and Entertainment

- Newstalk ZB is the most listened to radio station in New Zealand, while Coast is the #1 commercial music radio station and Radio Sport is #1 ranked commercial dedicated sports radio station¹
- Strong share in core consumer demographics
 - The Hits is #1 for 25-54 females
 - ZM is #2 for 18-39 age demographic
- Nine major stations across New Zealand

(1) Source: Gfk New Zealand Commercial Major Markets Survey 1 2016 Station Share (%). All 10+, Mon-Sun 12mn-12mn, unless specified

AUDIENCE SHARE OF RANKED COMMERCIAL NETWORKS



Audience share of ranked commercial networks. Source: Gfk New Zealand Commercial Major Markets Survey 1 2016 Station Share (%). All 10+, Mon-Sun 12mn-12mn, unless specified

NZME is investing in the transition from terrestrial to digital radio



- A free all-in-one digital radio and music streaming service that connects users with great music. Over 457,000 registered users
- Offers a wide variety of content to match required moods or activities
- Exclusive right to operate iHeartRadio in New Zealand through a sub-licence from ARN with a term to 2024

Events and experiential campaigns offer advertisers new ways to engage audiences

- NZME Events produces business, lifestyle and entertainment events, providing sponsorship and partnership opportunities
- NZME Experiential delivers campaigns across 26 markets that encourage direct interaction between customers and an advertiser's brand or product

NZME Radio and Experiential Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
Radio and Experiential	117	121	114 ²
Other (incl iHeart and Events)	1	4	6
Total	118	126	121

Note: NZME radio and experiential revenue is presented differently to the radio revenue presented in the Explanatory Memorandum. An explanation of differences and a reconciliation is included in the Appendix.

(2) NZ Radio market disrupted by a change to the agency radio buying model and only one market survey

THE HITS

Mix

RADIO SPORT

Coast

Newstalk ZB

ZM

RADIO HAURAKI

flava

hokonui

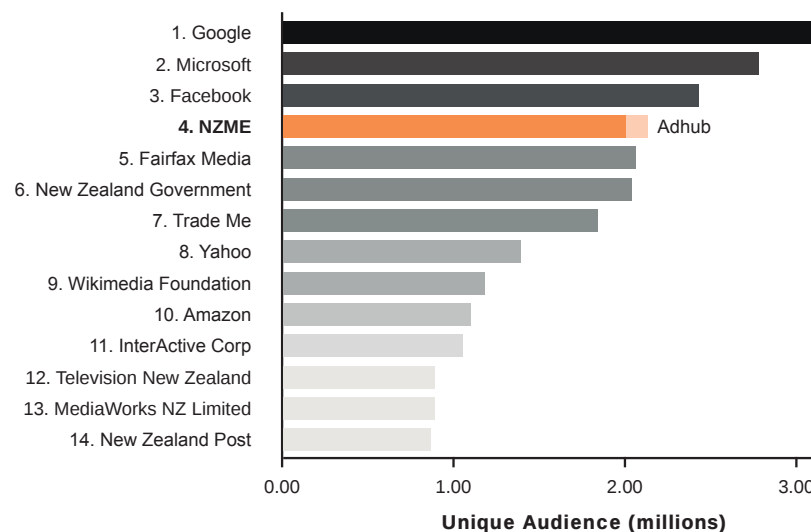
NZME DIGITAL AND E-COMMERCE

NZME has a strong share in New Zealand's digital audience

NZME'S DIGITAL NETWORK REACHES 2.1M KIWIS A MONTH DRIVEN PRIMARILY BY:

- nzherald.co.nz (which has a unique audience of 1.7m with over 98 million page views). Digital registrations exceed 424,000
- Radio websites have a unique audience of 0.6m and zmonline.com is the #1 radio website in the country by unique audience

STRONG SHARE IN NZ DIGITAL SEGMENT



Source: Nielsen Online Ratings, March 2016. Based on domestic monthly unique audience

NZME'S DIGITAL FOCUS

- **Video content:** NZME operates Vision, an internal production studio that creates video content for WatchMe, NZ Herald Focus, Experiential and sells production services to customers



- **E-commerce and digital classifieds**

GrabOne

- **Innovative display advertising**



- **Social media**

@nzherald

- **Data and analytics**

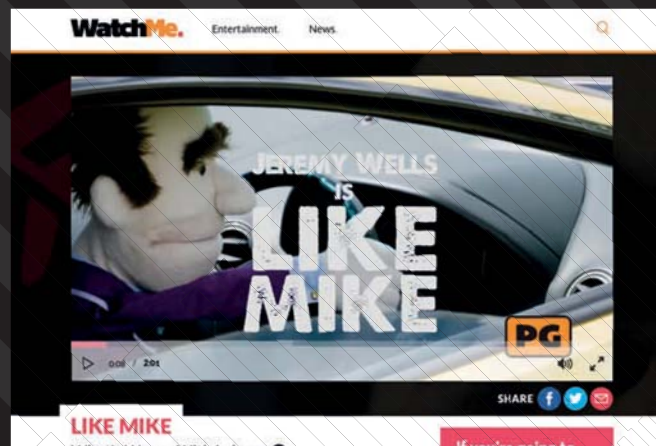
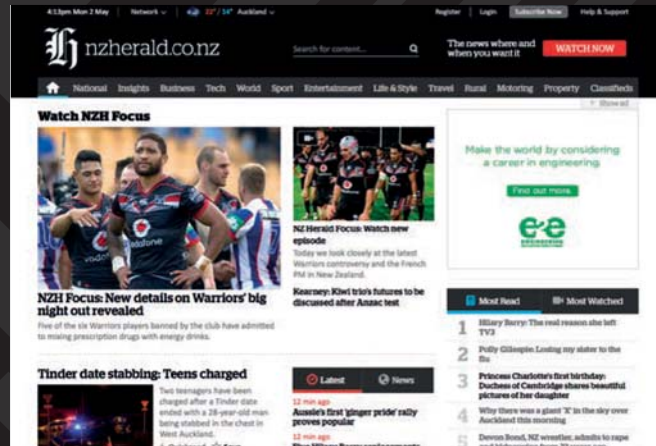


NZME Digital & E-commerce Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
Digital	23	24	31
GrabOne	21	21	17
Total	44	45	48

Note: NZME digital and e-commerce revenue is presented differently to the e-commerce revenue presented in the Explanatory Memorandum. An explanation of differences and a reconciliation is included in the Appendix.

NZME VISION

35 MILLION¹ VIDEO STREAMS YEAR TO DATE AND GROWING²



(1) Brightcove analytics 8 May 2016
(2) 39 million streams in FY15

NZME E-COMMERCE AND **DIGITAL CLASSIFIEDS**

GrabOne

- GrabOne is New Zealand's largest daily deals website
- 1.6m registered users with over 600,000 visitors per week
- E-Commerce solutions to local and nationwide groups
- Growing strategic partnerships and relationships to further capitalise on existing assets and enter new markets



HERALD Homes

- Herald Homes app for iPhone and Android
- New Zealand first for the real estate industry
- Allows readers to instantaneously link to additional detailed online information about listings and:
 - Share with friends and family;
 - Send inquires to agents; and
 - Add dates and times of open homes to calendars



DRIVEN.CO.NZ

- Online car listings
- Enables user generated private vehicle sale classifieds to be created and displayed on Driven website
- Leverage The New Zealand Herald audience to drive online listings
- Listings are free for a limited time to establish traffic
- Plan to move to basic + premium listing fee model



INNOVATIVE DISPLAY ADVERTISING

NZME has launched a number of innovative new products in FY16 focusing on mobile and video:

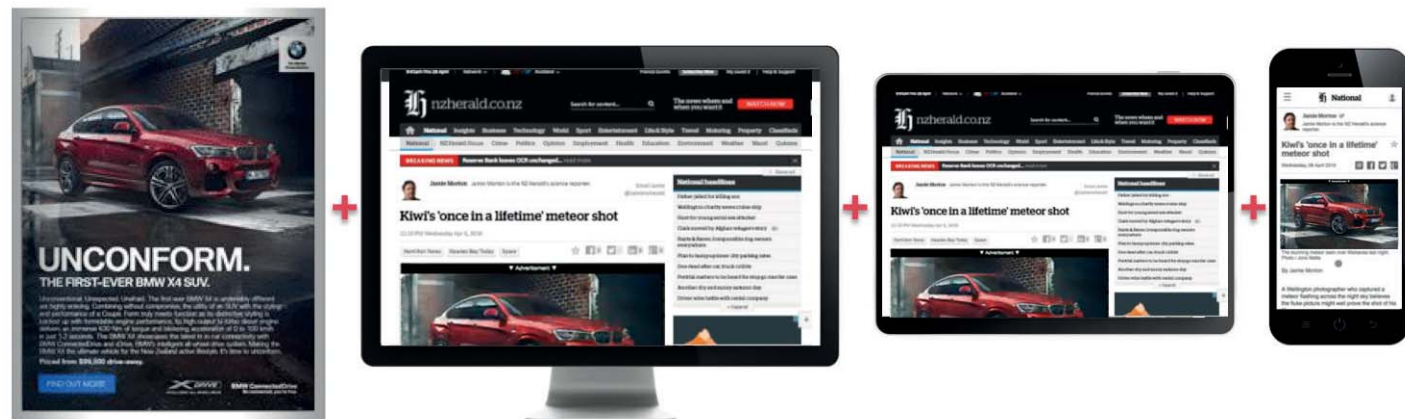
- Cross-platform – Slider (a market first)
- Video – Photostitch
- Mobile – Showcase
- Mobile – Portal
- Mobile – Skins

As audiences move to mobile and video, NZME is innovating to create new products to meet advertiser demands



The Slider Product enables us to take a full page display print ad and recreate it to run a digital display Slider across desktop and mobile, combining the power of NZME's multi platform opportunities.

- Delivers an engaging user experience, while providing advertisers a premium, high impact canvas to showcase their brand and messages.
- Illusion of appearing 'underneath' the page content as the user scrolls through the article.



SOCIAL MEDIA

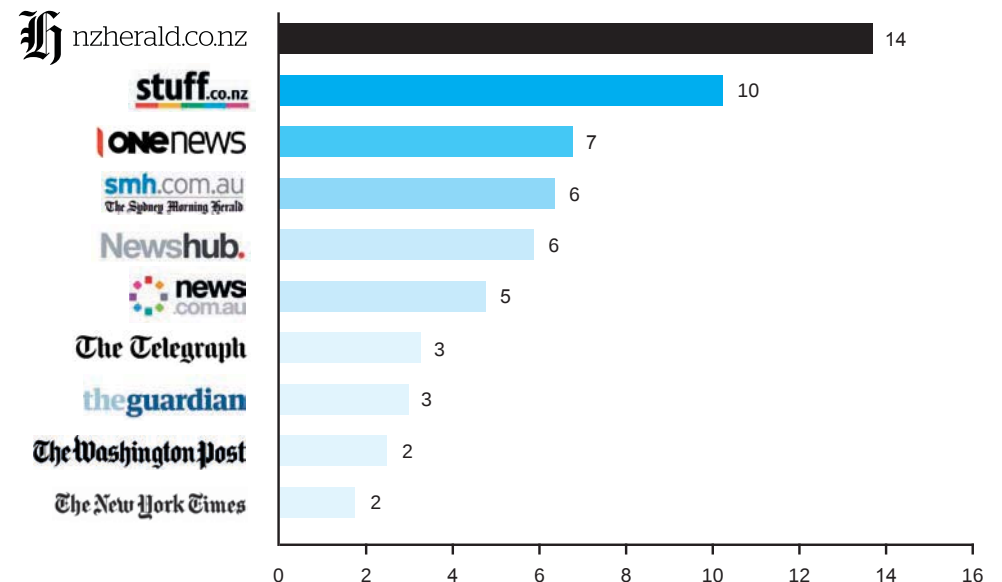
Social media referrals drive ~50% of the NZ Herald mobile web audience

THROUGH SOCIAL MEDIA STRATEGIES NZME AIMS TO:

- Deepen and extend engagement of fans
- Drive audiences and traffic to our sites, shows and events
- Develop audience insight
- Develop new audiences e.g. youth through Snapchat
- Support commercial goals

NZME will continue to develop and respond to social trends to keep the social media audience engaged

AVERAGE INTERACTIONS¹ PER FACEBOOK FAN JAN TO MAY 2016



(1) An interaction is a read, share, like or comment.

Source: Social Bakers, as at 26 May 2016



- 723,977 total followers (Facebook, Twitter, Instagram)
- 24% Facebook audience growth since Jan 2016 = 98,827 new Facebook fans
- 6.7 million interactions since Jan 2016



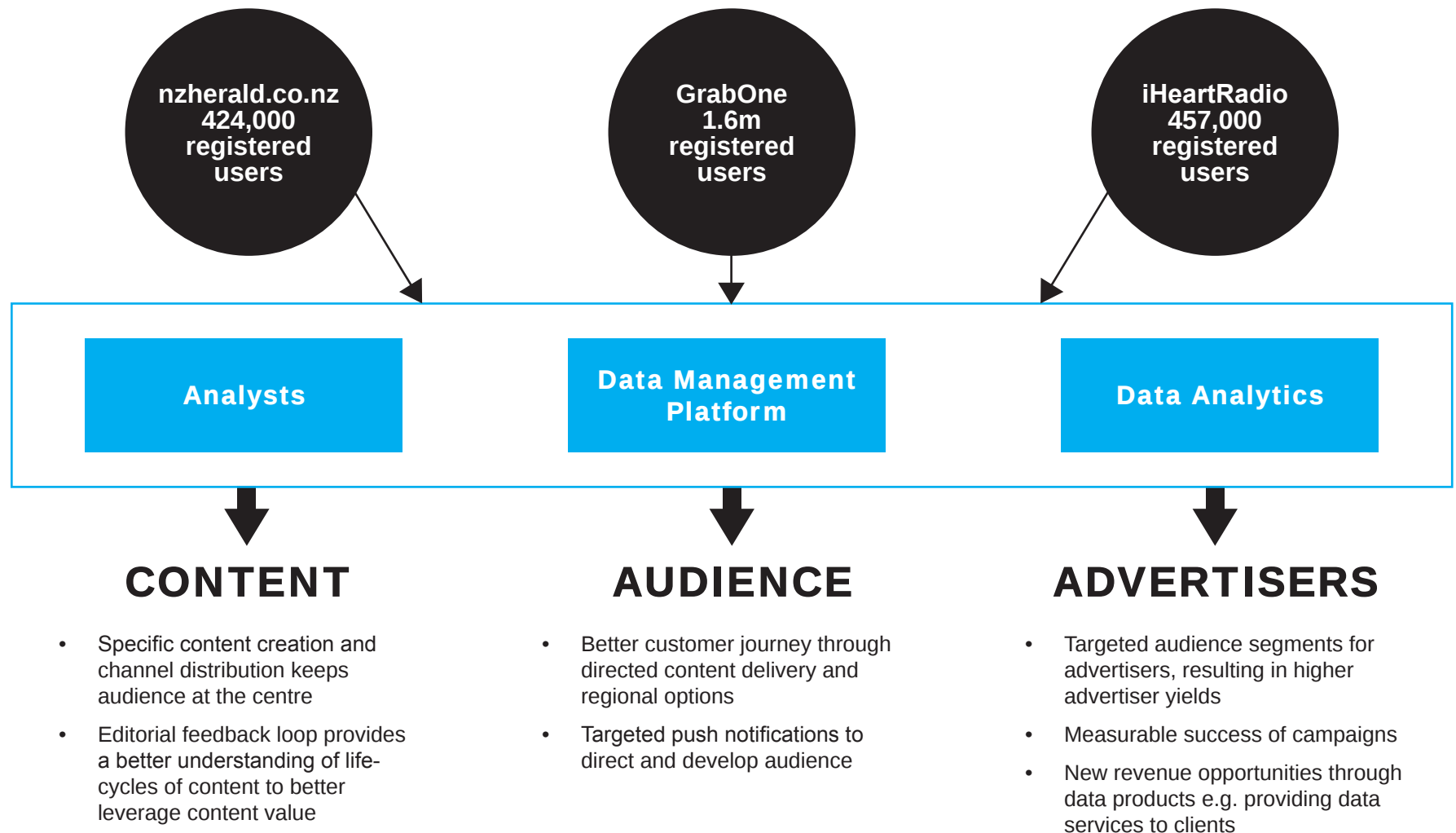
- 231,675 total followers (Facebook, Twitter)
- 32% Facebook audience growth since Jan 2016 = 49,959 new fans
- 572,292 interactions since Jan 2016

Source: Social Bakers, as at 26 May 2016

DATA

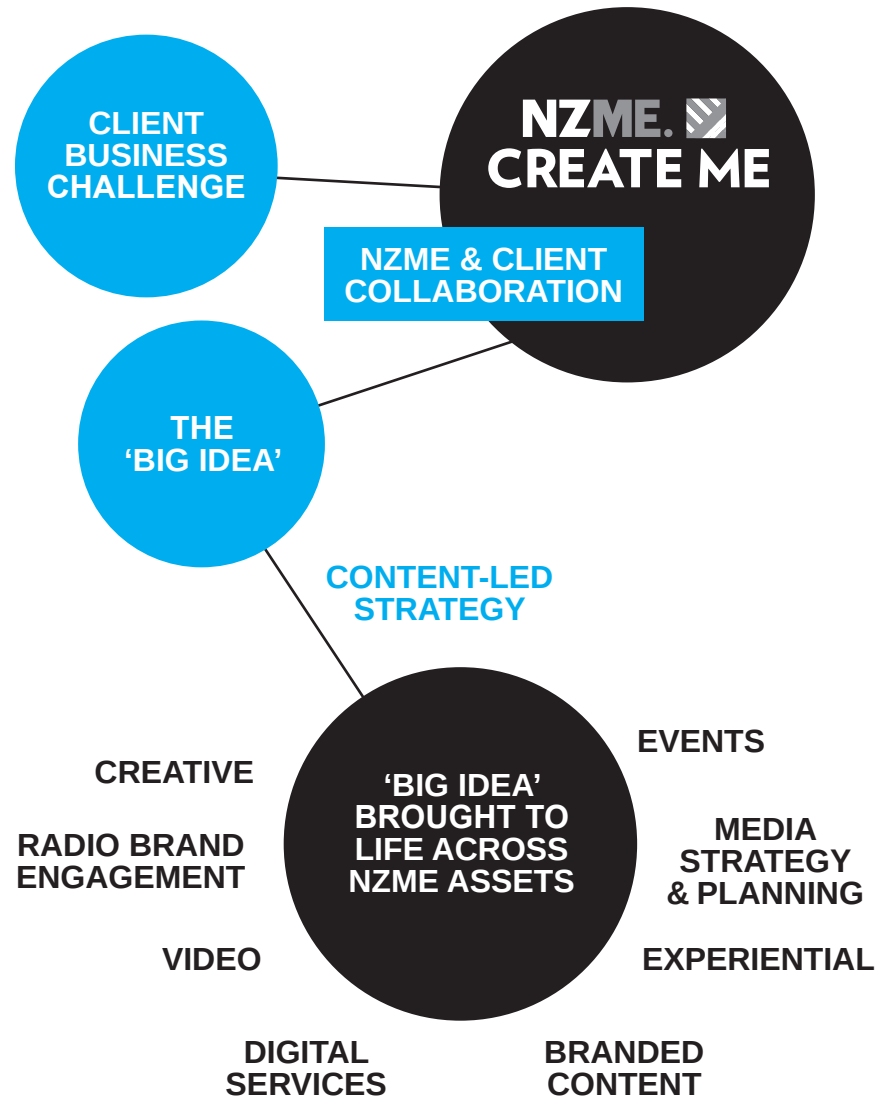
Capturing and monetising data is a key pillar of NZME's ongoing digital strategy

NZME has people, tools and processes to collect data and provide better audience, content and advertiser outcomes



NEW INITIATIVES

CREATE ME



CAMPAIGN EXAMPLES



Is Your Business Running You?

- A thought-provoking content marketing piece created in-house, targeting New Zealand's large SME population
- Designed to make people think about how their business affects their life in other ways and ultimately how technology can impact that
- Engaging, rich content piece sat in prime position on The Herald Home Page. Included video interviews, interactive quiz and photography



First Time Buyers campaign

- A series of content pieces, created in-house, launched with a competition that gives four winners their first mortgage at 0% for the first year. This is being followed up with a series of stories focusing on Westpac's products and services for first time buyers

NEW INITIATIVES

NZME EVENTS

NZME Events was launched in 2015, offering advertisers new ways to engage audiences

- Dedicated to producing business, lifestyle and entertainment events
- Over 35 events already delivered
- Nationwide coverage with Women's Lifestyle, Home Show and Speaker events held across regional markets
- Events provide multiple revenue opportunities including sponsorship and partnerships with advertisers, exhibitor fees and ticket sales

Events are aligned to key NZME brands to drive audience engagement, amplify content and diversify revenue



THE DELOITTE
TOP 200

THE DELOITTE
TOP 200
GOLF

iHeart
RADIO

Coca-Cola
URBAN
BEACH

pwc
HeraldTalks

Women's
Lifestyle
expo

Bay of Plenty Times
DOWN TO
EARTH
Sustainability & Lifestyle Expo

THE
viva
SESSIONS

Ideal Home Show
For the latest, brightest and best in home related wares

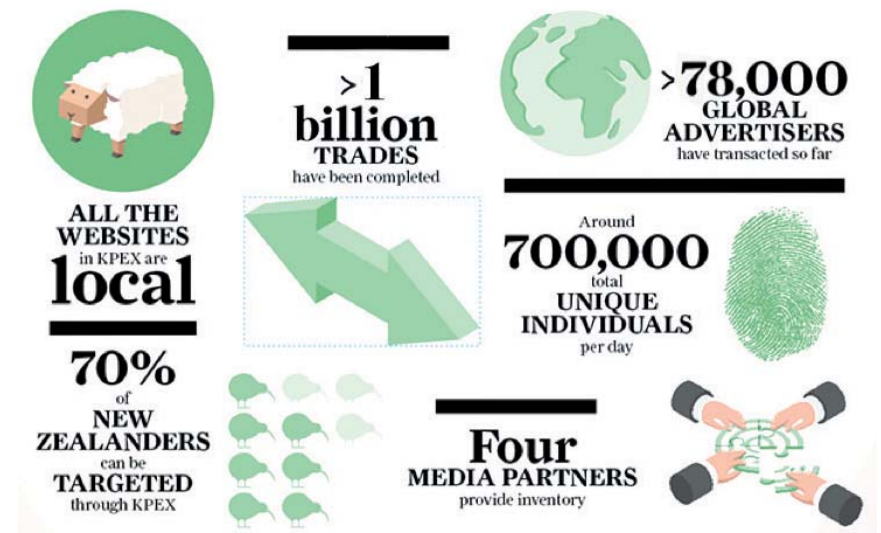
HOME SHOW

LEGENDS IN
BLACK
— DINNER —

LIVE WELL
FESTIVAL

- KPEX is a joint venture between four New Zealand media businesses (NZME, Fairfax, Mediaworks, TVNZ) running an automated trading desk for digital advertising. It was launched in November 2015 and is still in the start up stage, offering growth opportunities to the joint venture partners
- KPEX offers advertisers the opportunity to purchase high quality advertising inventory on the New Zealand publishers' websites. It was established to meet demand for a local ad exchange with sufficient scale to compete more effectively with large international players operating programmatic ad exchanges, such as Google, Facebook, and Yahoo
- KPEX has recently begun to add data analytics to its inventory to enable advertisers to better target desired audience segments and also improve the yield to publishers
- International trends show automated trading of digital advertising growing significantly¹. Although automated trading is relatively small in New Zealand as a percentage of total digital advertising at present, access to a local trading platform will be key for New Zealand publishers to benefit from the expected growth in this market based on international trends

kplex



(1) US programmatic digital display advertising is expected to grow at 40% in 2016 and 24% in 2017, comprising 72% of total digital display advertising in 2017. Source: eMarketer, April 2016.
UK programmatic digital display advertising is expected to grow at 37% in 2016 comprising 70% of total digital display advertising in 2016. Source: eMarketer, September 2015.



FINANCIALS & CAPITAL STRUCTURE

PRO FORMA HISTORICAL INCOME STATEMENTS

Please refer to Section 9 of the Explanatory Memorandum for further detail on the Pro Forma financial information, including the basis of preparation.

NZ\$MILLION	FY13	FY14	FY15
Pro forma revenue from continuing operations	449.1	445.9	433.0
Pro forma other revenue and income ¹	0.3	3.3	0.2
Pro forma total revenue and other income	449.3	449.2	433.2
Pro forma expenses from continuing operations	(368.5)	(375.5)	(365.7)
Pro forma EBITDA	80.8	73.8	67.5
Pro forma depreciation & amortisation			(23.7)
Pro forma finance costs ²			(5.5)
Pro forma income tax expense ³			(10.7)
Pro forma profit for the year			27.5

(1) Adjustments to allocate certain corporate income that have historically been recorded by APN that are attributable to NZME

(2) Pro forma finance costs are calculated based on the effective interest rate of the NZME debt facility and the net debt per the pro forma FY15 balance sheet

(3) Pro forma income tax expense is calculated as 28% of the pro forma EBITDA including depreciation, amortisation and finance costs

Note: FY13 pro forma revenue from continuing operations differs from pro forma revenue presented during the 2014 potential IPO process due to normalising adjustments in relation to the sale of regional publications and NZ Magazines.



PRO FORMA HISTORICAL CASH FLOW STATEMENTS

Please refer to Section 9 of the Explanatory Memorandum for further detail on the Pro Forma financial information, including the basis of preparation.

NZ\$MILLION	FY13	FY14	FY15
Pro forma EBITDA	80.8	73.8	67.5
Pro forma change in working capital	(2.6)	0.5	6.4
Pro forma net operating cash flows, before capital expenditure, financing costs and tax	78.2	74.3	73.8
Pro forma capital expenditure ¹	(10.8)	(14.6)	(18.5)
Pro forma net operating cash flows, before financing costs and tax	67.4	59.7	55.3

(1) FY15 shown net of property lease incentive



CAPITAL STRUCTURE

NZME established with capital structure to reflect business profile and strategic direction

NZME balance sheet

- Pro forma FY15 leverage of 1.5x EBITDA
- 3.5 year maturities

Bilateral bank loan facilities provided by 2 major New Zealand banks

- NZ\$150m revolving cash advance facility
- NZ\$10m revolving cash advance/contingent instrument facility
- Leverage and interest cover covenants set at levels appropriate for the business
- Facility headroom provides capacity to fund growth initiatives and other potential commitments
- Proposed dividend payout ratio of 60% - 80% of underlying NPAT subject to appropriate leverage and strategic priorities^{2,3}

TOTAL DEBT FACILITY

NZ\$160M

Pro forma net debt ¹	NZ\$102m
Pro forma drawn debt ¹	NZ\$109m
Undrawn debt capacity	NZ\$51m
Pro forma FY15 leverage	1.5x EBITDA

(1) As at 31 December 2015. Before capitalised borrowing costs of NZ\$0.4 million for NZME

(2) Subject to review by NZME board. The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of NZME business and its financial position at the time

(3) Underlying NPAT will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact



BOARD & MANAGEMENT TEAM



NZME BOARD¹



SIR JOHN ANDERSON

Independent Chairman

- Sir John has extensive commercial experience having held several senior positions in the New Zealand banking and finance industry
- Formerly the Chief Executive Officer of the ANZ National Bank, Sir John is a director of NPT Limited (Chairman), Steel & Tube Holdings Limited (Chairman), Turners & Growers Limited (Deputy Chairman) and the Commonwealth Bank of Australia. Sir John is a Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Institute of Financial Professionals New Zealand, Fellow of the Institute of Directors and a Life Member of the Australian Institute of Banking and Finance



PETER CULLINANE

Independent Director

- As the former Chief Operating Officer of Saatchi & Saatchi (Worldwide), and its Chief Executive Officer (New Zealand) and Chairman (Australasia) for over eight years prior, Peter is widely respected in global advertising and marketing and has extensive knowledge and expertise in both Australasian and global markets
- Peter was appointed to the APN Board in November 2013
- Peter is also a director of STW Communications Group and the founder and Chairman of Lewis Road Creamery Limited. Peter was previously on the Board of SKYCITY Entertainment Group



CAROL CAMPBELL

Independent Director

- Carol is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. Carol is a director of The Business Advisory Group, a chartered accountancy practice, where she advises privately owned businesses. Prior to that, she was a partner at Ernst & Young for over 25 years. Carol has extensive financial experience and a sound understanding of efficient board governance
- Carol is a director of NZ Post Limited, Kiwibank Limited, Kingfish Limited, Marlin Global Limited, Barramundi Limited, NPT Limited, T&G Global and a number of other private companies and is chair of Ronald McDonald House Charities

(1) This slide shows the board as it will stand on listing. At least one further Independent Director is intended to be appointed after listing.

NZME MANAGEMENT TEAM



MICHAEL BOGGS
CEO



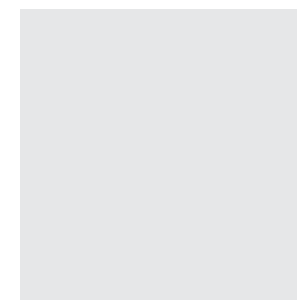
CAROLYN LUEY
Chief Operating Officer



SARAH JUDKINS
Chief Strategy Officer



SHAYNE CURRIE
Managing Editor



TBD
CFO¹



LAURA MAXWELL
Chief Commercial Officer



RICHARD HARRISON
Group Director,
e-commerce



DEAN BUCHANAN
Group Director,
Entertainment



LIZA MCNALLY
Chief Marketing Officer



MICHELLE HAMILTON
Group Director, Culture
and Performance

(1) CFO role will be filled on a contract basis until a permanent appointment is made



NZME / FAIRFAX MERGER



PROPOSED NZME / FAIRFAX NZ MERGER

PROCESS UPDATE

- NZME is in discussion with Fairfax about merging with its New Zealand business
- An application seeking authorisation or clearance for the merger has been lodged with the New Zealand Commerce Commission
- NZME Management considers the businesses to be complementary to each other, and that the merger will enhance the position the companies are in to continue to deliver high quality, local content to audiences

REGULATORY CONSIDERATIONS

- The transaction remains subject to board approval by NZME and Fairfax, and will require shareholder approval from NZME's shareholders
- The transaction will also be subject to regulatory consents, including the New Zealand Commerce Commission
- NZME and Fairfax consider there are strong grounds for New Zealand Commerce Commission clearance, as:
 - There is little crossover in NZME and Fairfax's mastheads, with limited head-to-head competition between paid dailies focussed on the same region
 - The merger will allow greater investment in generating quality content for distribution through the combined channels in order to attract consumers and advertisers
 - In digital, a combined NZME / Fairfax NZ will be better placed to compete with Internationals such as Google, Microsoft and Facebook

PROFILE OF COMBINED GROUP

A combined NZME and Fairfax NZ will be a leading New Zealand media company. The merged entity will have the ability to provide value added solutions to advertisers, increasing the combined group's ability to compete with global operators

NATIONAL REACH

Combination of the traditional areas of NZME and Fairfax will give the merged company a print presence throughout New Zealand



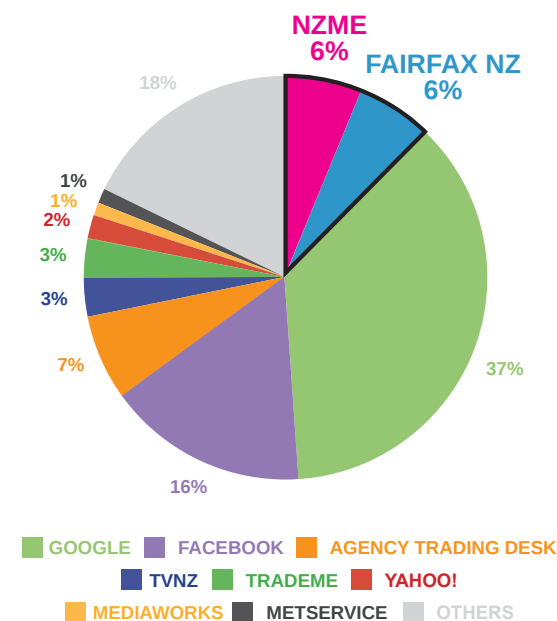
INVESTMENT RATIONALE

- The combination of NZME and Fairfax's New Zealand businesses would create an opportunity to deliver improved, innovative offerings to advertisers and audiences
- Synergies are likely to maintain or enhance content, meaning more 'NZ centric' coverage
- On an aggregate basis, pro forma 2015 revenue is NZ\$802.6m and pro forma EBITDA is NZ\$133.7m¹

Source: NZME pro forma FY15 results, Fairfax annual and half year reports. Fairfax NZ calendarised to a December 2015 year end

DIGITAL ADVERTISING SPEND

The merger will increase NZME and Fairfax NZ's ability to compete with international digital advertising platforms such as Google and Facebook



Source: SMI Financial Booking Data at Apr 4, 2016 (year to Feb 2016)

A collage of images including chess pieces, a compass, a swimmer, a superhero child, and the moon, set against a background of geometric patterns. The collage is composed of several rectangular panels. The top row features a black and white geometric pattern, a row of chess pieces (black and white), and a pink and blue geometric pattern. The middle row shows a blue and white geometric pattern, a swimmer in blue water, and a large black and white geometric pattern. The bottom row includes a black and white geometric pattern, a child in a superhero costume, a yellow and blue geometric pattern, and a red and orange geometric pattern. The large black and white geometric pattern on the right side of the collage contains the text "DEMERGER UPDATE" in white and blue.

DEMERGER UPDATE



DEMERGER UPDATE

At the APN General Meeting on 16 June 2016, APN shareholders approved the demerger of NZME

- NZME will be listed on the NZX and the ASX on 27 June 2016 (under a deferred settlement basis until 30 June 2016)
- Holding statements will be dispatched on 30 June 2016
- NZME shares will trade on a normal settlement on the NZX and ASX on 1 July 2016

Implementation of the Demerger is subject to a number of Conditions Precedent being satisfied or waived. The key Conditions Precedent are summarised below¹:

- No order or injunction being issued by any court of competent jurisdiction and no other legal restraint or prohibition preventing the Demerger being implemented;
- All Regulatory Approvals, consents, waivers or other acts from Regulatory Authorities (including the New Zealand Overseas Investment Office) required for or, in the reasonable opinion of APN, desirable to implement the Demerger being obtained (either unconditionally or on conditions reasonably satisfactory to APN)²

(1) Defined terms as per the Explanatory Memorandum

(2) For further detail see pg. 76 of the Explanatory Memorandum



RECAP



BUSINESS HIGHLIGHTS

NZME is a leading integrated New Zealand media company

- 1** NZME is the home of many well-known publishing, radio and digital brands, providing news, sport and entertainment content to over 3 million New Zealanders¹
- 2** Recent transformation has delivered on financial and operational targets
- 3** Digital revenues have grown strongly with further digital and video initiatives implemented in FY16 (e.g. digital classifieds and NZ Herald Focus)
- 4** NZME is highly cash generative with a proposed dividend payout ratio of 60-80% of underlying NPAT², and capex is anticipated in line with or below historical levels
- 5** The proposed merger with Fairfax New Zealand offers the potential for significant synergies and enhanced content generation

(1) Source: Nielsen CMI, fused database: February 2016 (based on population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels

(2) Subject to appropriate leverage and other strategic priorities. Dividend policy subject to review by NZME Board. The payment of dividends will be determined by the NZME Board from time to time at its discretion, dependent on profitability, costs and leverage of NZME business and its financial position at the time. Underlying NPAT will be calculated based on statutory NPAT adjusted for material one-off items, particularly those with a non cash impact



APPENDIX



KEY RISKS

Investors should be aware that there are risks associated with an investment in NZME, which are set out in detail in section 8.13 of the Explanatory Memorandum and Notice of Meeting lodged by APN with ASX and NZX on 11 May 2016 (**Explanatory Memorandum**), and summarised below. These risks, if they occur, could materially adversely affect NZME's financial position or performance through loss of assets, reduced revenue, increased costs, loss of customers and suppliers, damage to reputation or a combination of these factors. These could reduce or eliminate the value of your NZME Shares or the returns on them.

Investors should consider such risk factors together with this briefing and the other information contained in the Explanatory Memorandum.

Key Risks

- **Change in Advertiser and Audience Preferences** – NZME generates a significant proportion of its current earnings from the publication and distribution of newspapers. The newspaper industry has experienced declining circulation and advertising revenue over a number of years as there has been less consumption of printed media in favour of other sources, mostly online. NZME considers this trend is likely to continue.
- **Media Sector Competition** – NZME faces competition from existing media groups and new media groups utilising new technologies, and NZME expects this competition will continue. The actions of an existing competitor or the entry of new competitors, in either a media sector in which NZME operates or in general, may have a major effect on NZME's operating and financial performance.
- **Recruitment and Retention of Key Personnel** – NZME is dependent on the talent, creative abilities and technical skills of its personnel. As NZME is in competition with other companies in the media sector and market generally to recruit and retain key executives and professionals, it is possible that it might not be able to do so on acceptable terms.
- **Information Technology Systems** – NZME's ability to compete in the media industry in the future is likely to be affected by its ability to maintain and develop appropriate technology platforms for the efficient delivery of its services, however, no assurance can be given that NZME will have the resources available to do this.
- **Distribution Channels** – any loss or failure of NZME's established distribution channels could have a significant impact on NZME. In addition, if NZME's sub-licence from ARN in relation to the operation of iHeartRadio in New Zealand is terminated (for example, due to a change of control of ARN), this could also have a material impact on NZME.
- **Litigation and Disputes** – As a prominent media industry participant, it is likely that NZME will face risks associated with defamation litigation and litigation to protect media and intellectual property rights. Any action or complaint against NZME could have a significant financial or reputational impact.
- **Taxation risks** – The APN Group operates in multiple tax jurisdictions and is subject to review by the relevant tax authorities. The Australian Taxation Authority and the New Zealand Inland Revenue Department have audited and reviewed certain arrangements pertaining to a number of matters within the APN Group. NZME is currently involved in a dispute with the New Zealand Inland Revenue Department regarding certain financing transactions. Further information about this dispute can be found in the Explanatory Memorandum. Any requirement to pay relevant tax, penalties and interests (as applicable), may have a material adverse effect on the operating and financial performance of APN (and NZME, if the Demerger proceeds).
- **Asset Impairment Risk** – there is a risk to NZME's financial position, if the carrying value of mastheads, goodwill or other intangible assets is revised downward by impairment due to NZME's future financial performance.

APPENDIX

- As a stand alone entity NZME intends to segment revenue in a different way to that reported historically.
- NZME considers this new format will provide increased transparency for investors.
- This presentation has therefore provided segmented revenue in the format intended to be used in future, to assist investors.
- A reconciliation to revenue as presented in the Explanatory Memorandum is provided on the following page.

EXPLANATORY MEMORANDUM

NZME Publishing revenue includes:

- Print publications advertising and circulation revenue
- Other print revenue (third party printing and distribution)
- Digital advertising revenue related to publishing sites
- Other digital services revenue
- Events

NZME Radio revenue includes:

- Radio and experiential
- iHeart
- Digital advertising revenue related to radio sites

NZME eCommerce revenue includes:

- GrabOne

INVESTOR PRESENTATION

NZME Print revenue includes:

- Print publications advertising and circulation revenue
- Other print revenue (third party printing and distribution)

NZME Radio & Experiential revenue includes:

- Radio and experiential
- iHeart
- Events

NZME Digital and eCommerce revenue includes:

- Digital advertising revenue related to publishing sites
- Digital advertising revenue related to radio sites
- Other digital services revenue
- GrabOne

APPENDIX

Reconciliation to Explanatory Memorandum

Publishing Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
Print Advertising	179	164	152
Print Circulation	96	98	94
Print Other	12	13	18
NZME PRINT	287	276	264
<i>plus</i> Publishing Digital	21	21	28
<i>plus</i> Events	0	1	3
NZME Publishing revenue per Explanatory Memorandum	308	298	295

Radio Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
Radio and Experiential	117	121	114
Other (including iHeart and Events)	1	4	6
NZME RADIO & EXPERIENTIAL	118	126	121
<i>plus</i> Radio Digital Advertising	3	3	3
<i>less</i> Events	(0)	(1)	(3)
NZME Radio revenue per Explanatory Memorandum	121	127	120

eCommerce Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
Digital	23	24	31
GrabOne	21	21	17
NZME DIGITAL & ECOMMERCE	44	45	48
<i>less</i> Digital	(23)	(24)	(31)
NZME eCommerce revenue per Explanatory Memorandum	21	21	17

TOTAL NZME PRO FORMA REVENUE FROM CONTINUING OPERATIONS	449	446	433
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Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
NZME PRINT	287	276	264
NZME RADIO & EXPERIENTIAL	118	126	121
NZME DIGITAL & ECOMMERCE	44	45	48
TOTAL	449	446	433

Pro Forma Revenue (NZ\$m)	FY13	FY14	FY15
NZME Publishing revenue per Explanatory Memorandum	308	298	295
NZME Radio revenue per Explanatory Memorandum	121	127	120
NZME eCommerce revenue per Explanatory Memorandum	21	21	17
TOTAL	449	446	433

Digital and New Initiatives Pro Forma Revenue as presented in the Explanatory Memorandum is a subset of the Pro Forma revenue presented in the tables opposite.

Digital and New Initiatives Pro Forma Revenue (NZ\$m)	FY11	FY13	FY15
Publishing Digital	15	21	28
Radio Digital (incl iHeart)	1	3	4
Events and Experiential	-	-	10
GrabOne	13	21	17
NZME Digital and New Initiatives revenue per Explanatory Memorandum	29	44	59