

Full Year Results 2016



APN NEWS & MEDIA LIMITED
ABN 95 008 637 643



AGENDA

- FY16 operational and financial highlights
- Divisional performance
- Group financials
- Trading update
- Summary
- Q&A





DELIVERING ON STRATEGIC OBJECTIVES

Australian-focused media and entertainment company

Grow
audience
base

Diversify
revenues

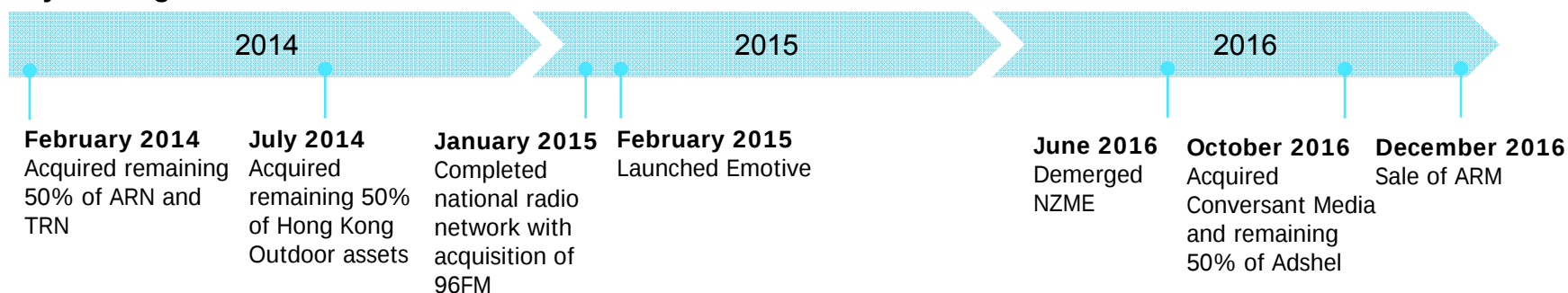
Expand
digital and
data
capabilities

Optimise
integration



APN CONTINUED ITS SIGNIFICANT BUSINESS TRANSFORMATION

Key strategic initiatives



Transformation of APN's revenue mix: 2013 to 2016



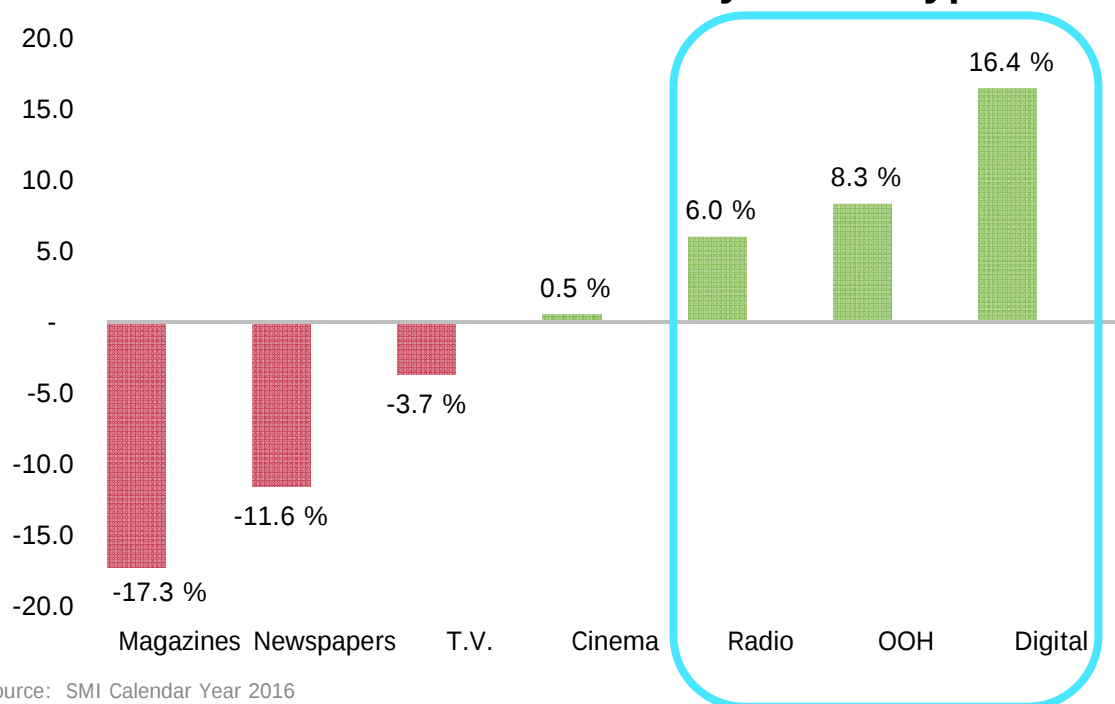
(1) Revenue shown on statutory basis

(2) Pro forma for acquisition of remaining 50% stake in Adshel and continuing operations of APN. Based on Trading Revenue

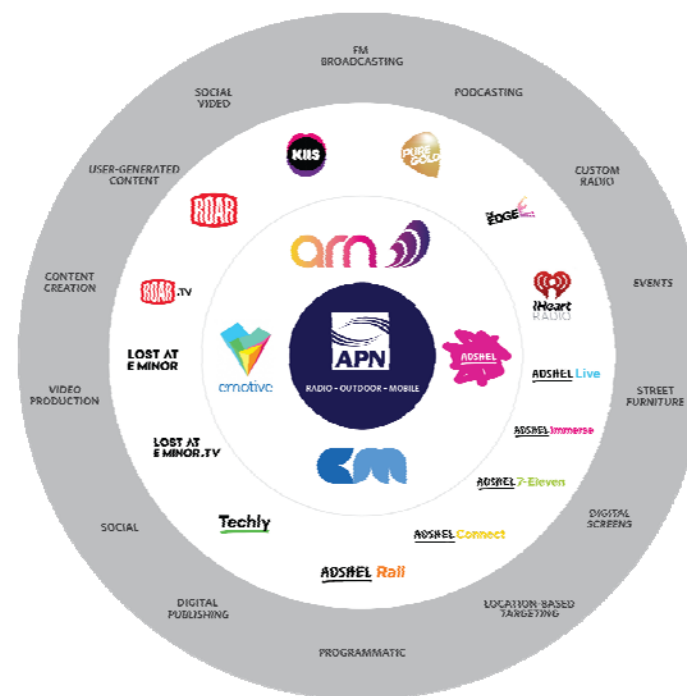


REPOSITIONED THE BUSINESS – UNIQUE PLATFORM FOCUSED ON GROWTH SEGMENTS

Market Revenue Growth by Media Type



Source: SMI Calendar Year 2016





2016 BUSINESS PERFORMANCE

A\$ million	2016 Pro forma revenue	2015 Pro forma revenue	YoY change	2016 Pro forma EBITDA	2015 Pro forma EBITDA	YoY change	2016 APN revenue	2015 APN revenue	2016 APN EBITDA	2015 APN EBITDA
Australian Radio Network ¹	225.3	221.1	2%	86.1	82.8	4%	225.3	221.1	86.1	82.8
Adshel	205.8	176.4	17%	46.2	38.3	21%	45.5	-	20.0	9.4
Hong Kong Outdoor	27.1	37.9	(29%)	(1.3)	0.4	>(100%)	27.1	38.0	(1.3)	0.4
Corporate	-	-	-	(13.9)	(12.7)	10%	0.7	-	(13.9)	(12.7)
Total^{2,3}	458.2	435.5	5%	117.1	108.9	8%	298.6	259.0	90.9	80.0

- Radio performance in H2 in line with guidance; content, sales and cost actions taken
- Adshel above market growth, high performing sector
- Unprofitable HK contracts finish H1-2017; recent wins rebuilding the business
- Corporate cost increases attributable to ongoing compliance matters

(1) ARN includes interests in Emotive, Brisbane FM Radio, Canberra Radio and Nova Perth Radio

(2) Pro forma revenue and EBITDA includes 100% of Adshel and excludes Conversant Media

(3) Before exceptional items



2016 STATUTORY FINANCIAL RESULT

A\$ million	2016	2015	% change
Revenue from continuing operations	298.6	259.0	↑ 15%
EBITDA	90.9	80.0	↑ 14%
EBIT	82.4	74.9	↑ 10%
Net profit after tax from continuing operations	41.6	26.4	↑ 58%
Loss from discontinued operations	(251.1)	(19.0)	↓ >100%
Net profit / (loss) after tax before exceptional items	(209.5)	7.3	↓ >100%
Exceptional items from continuing operations	203.5	(17.5)	↑ >100%
Loss attributable to shareholders	(6.0)	(10.2)	↑ 41%

- Result impacted by significant transactional activity; part year ownership of Adshel and NZME, and disposal of ARM
- Discontinued operations and exceptional items reflect transaction accounting requirements
- Reinstating dividends, first time since 2012 – fully franked dividend of 4 cents

Divisional Performance

Full Year Results





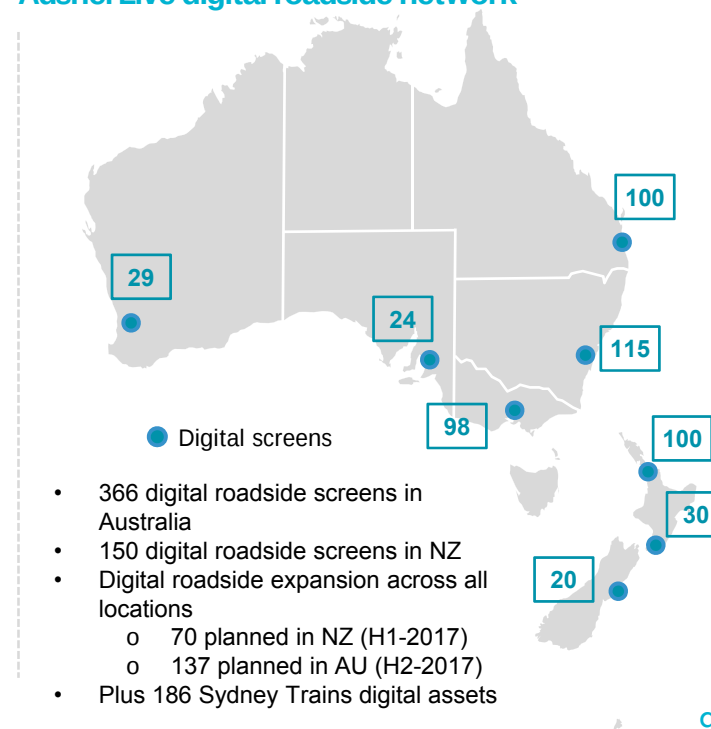
ADSHEL

#1 position in street furniture in Australia and New Zealand across static and digital

- Reaching 92% of Australians, 68 times a fortnight¹
- Static, digital, data, innovation & experiential are key drivers
- Broadcast reach
 - o 23,500+ static & digital advertising faces (ANZ)
- Targeting capabilities
 - o Flexibility and precision at scale
 - o Fixed location allows proximity to point of interest
- Continued investment in data, digitisation, technology and Adtech integrations are key drivers of Adshel's growth going forward

(1) MOVE 2016, People 14 yrs and older, every 14 days (Adshel posting period)

Adshel Live digital roadside network



ADSHEL

Full year results



- Continued share improvement and strong market momentum delivering revenue and earnings growth
 - Strong earnings performance in NZ; digitisation well progressed, good contract tenure
- Digital investment metrics maintained; less than 2 year pay-back, premium rates holding
- Costs up 16% to \$159.6m – revenue-related, selling and capability costs represent the majority of cost growth

A\$ million	2016	2015	% change
Trading revenue	187.8	158.3	19%
Other revenue	18.0	18.2	(1%)
Total revenue	205.8	176.4	17%
Costs	(159.6)	(138.1)	16%
EBITDA	46.2	38.3	21%
D&A	(15.5)	(11.3)	37%
EBIT	30.7	27.0	14%
EBITDA Margin	22.5%	21.7%	0.8%

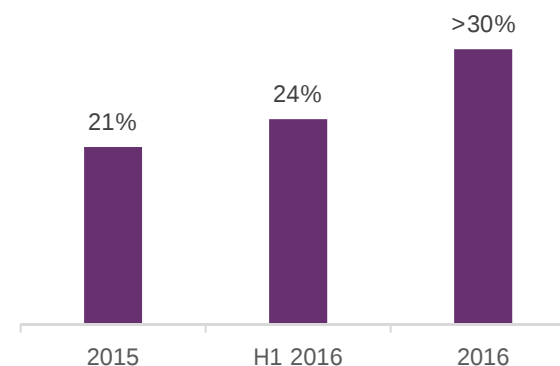
ADSHEL



Digital investment driving revenues & market share

- Full year AU revenue growth of 19.3%; versus total market growth 15.8%¹
- NZ revenue growth of 32.6%; versus market growth of 29.2%¹
- AU share in Roadside-Other segment up 3.3 percentage points¹
- Digital expansion continued in H2
 - 115 new screens in NZ in Q3 – first national digital network; 70 planned (H1-2017)
 - 113 new digital screens added in AU in Q4 – 137 planned (H2-2017)
- Digital sales success – revenues greater than 30% of total revenues in 2016

Adshel digital revenue contribution



(1) OMA AU & NZ 2016



ADSHEL – LOOKING AHEAD

100% ownership presents further growth opportunities

Grow audience base

- New & existing contracts
- New business opportunities

Diversify revenues

- Continued digital roll-out
- 2017 capex of at least \$50 million, subject to success in several large tenders
- Location based & programmatic trading

Expand digital and data capabilities

- Investing in data, technology & insights
- Exclusive Lotame partnership – profiling media assets using mobile
- AdshelIQ – data-informed planning tool
- Automated buying/selling via supply side platform

Optimise integration

- Core business systems transformation
- Focus on integrated campaigns across APN



HONG KONG OUTDOOR

Full year results

- Challenging economic conditions continue to prevail
- Onerous Buzplay contract ends June 17
- Focus on rebuilding Cody business and restoring profitability
 - Restructured & resized business
 - Renewed Western and Eastern Harbour Tunnels
 - HK Tram Shelters contract win
 - Right-sizing portfolio for underperforming contracts



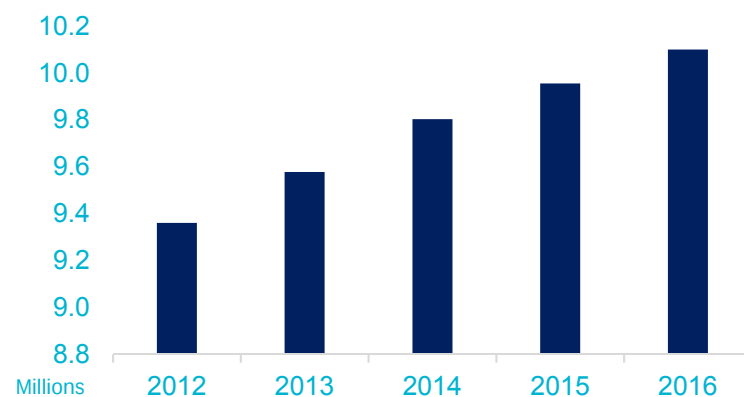
A\$ million	2016	2015	% change	Local currency % change
Cody	24.1	19.0	27%	26%
busbody	-	13.4	(100%)	(100%)
Buzplay	3.0	5.5	(46%)	(45%)
Total revenue	27.1	38.0	(29%)	(29%)
Costs	(28.4)	(37.5)	(25%)	(24%)
EBITDA	(1.3)	0.4	>(100%)	>(100%)
D&A	(0.3)	(0.3)	4%	-
EBIT	(1.6)	0.2	>(100%)	>(100%)



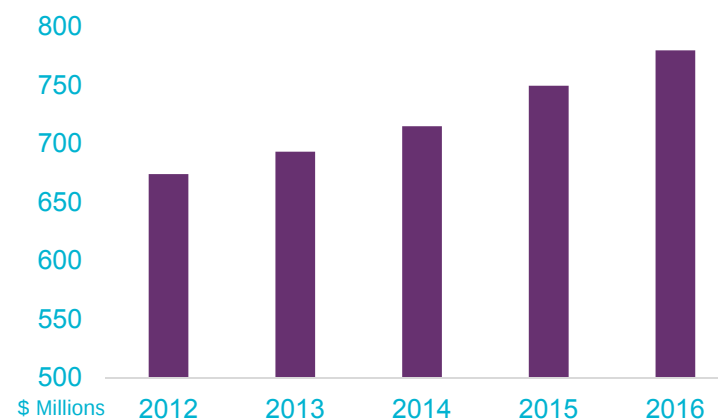
RADIO – CONTINUES TO GROW

- Overall listenership continues to grow
- Industry working well together
- RadioApp launched by CRA in Oct 2016
- Focus on multi-platform content delivery and commercialisation

Growth in commercial radio listeners¹



Metro radio market revenue²



(1) Source: GFK Survey S1 – S8 2012, 2013, 2014, 2015, 2016 SBMAP: M-S 0000-2400 – Commercial Metro Markets – CUME FIGURES

(2) Metro Commercial Radio Advertising Revenue as sourced by Deloitte



AUSTRALIAN RADIO NETWORK

Full year results

- Broadcast revenues up 2%, behind market
- Disappointing H2, driven by Melbourne and Perth challenges
 - Result in line with guidance
 - Action taken to reduce costs
 - Margins maintained
 - Melbourne – new appointments made
 - Perth – station relaunched new format January
- Re-signed Kyle & Jackie O on long term contracts
- Cost growth due to Perth (January 2016); all other cost growth offset with savings

A\$ million	2016	2015	% change
Revenue	225.3	221.1	2%
Costs	(139.1)	(138.2)	1%
EBITDA	86.1	82.8	4 %
D&A	(4.7)	(4.6)	2%
EBIT	81.4	78.2	4%
EBITDA Margin	38%	37%	1%

ARN – STRONG RATINGS FINISH TO 2016



Sydney

- KIIS 106.5 #1 FM station¹
- #1 & #2 breakfast shows¹
- Repositioned WSFM

Melbourne

- Gold 104.3 – strong & consistent performance
- KIIS 101.1 – gaining listenership
- New commercial director appointed

Brisbane

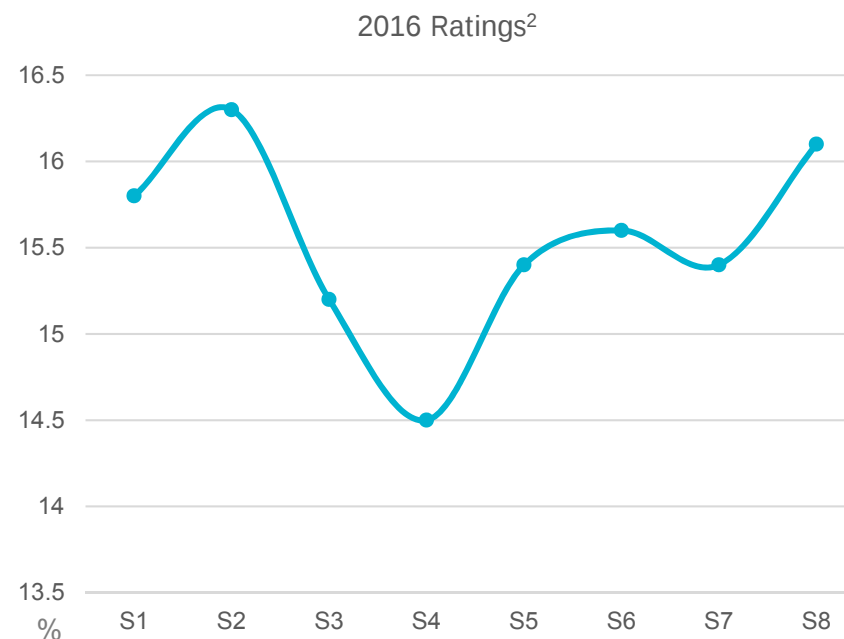
- 97.3 #1 station¹
- 97.3 #1 breakfast show¹
- 97.3 even stronger new breakfast line-up

Perth

- Repositioning of music on 96FM

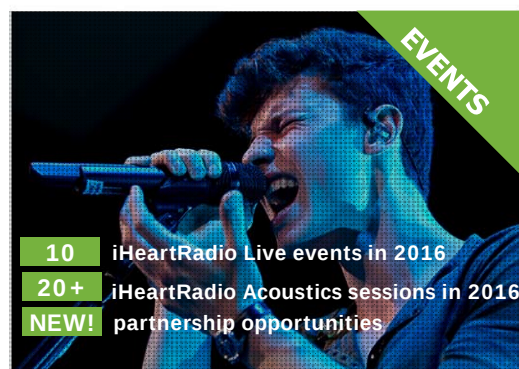
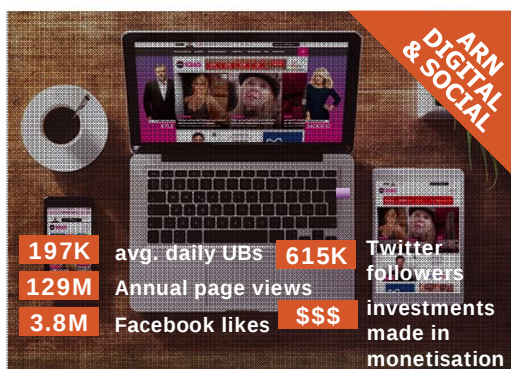
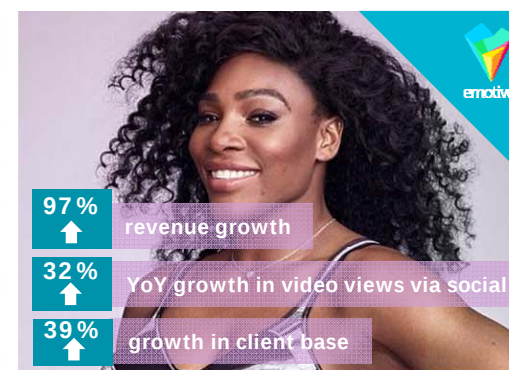
Adelaide

- Mix102.3 #1 station¹
- Mix102.3 #1 FM breakfast show¹



(1) Source: GFK Metro Radio Survey 8 2016, Share 10+ (Breakfast: 5:30am-9am Mon-Fri, Overall: 5:30am-12mn Mon-Sun)
 (2) Source: GFK Metro Surveys 1-8 2016 average, 10+ Mon-Sun 5.30am-12.00am, Sydney/Brisbane/Melbourne/Adelaide/Perth

ARN – MULTI-PLATFORM BUSINESS



Source: (1) Google Play & Apple store (2) Locaytics (3) Nielsen (4) CM/ ARN yoy user growth Jan 15 v Jan 16 : Google Analytics (5) CM/ ARN yoy video views: Brightcove video views + YouTube (Australian views only)

ARN – LOOKING AHEAD



Grow audience base

- Ratings success and content improvements – Perth
- Merging ARN and Conversant digital footprint
- 60% of CM audience under 34 years; male focused and 72% mobile usage

Diversify revenues

- Monetisation of digital audiences
- ARN-Conversant winning pitches in market

Expand digital and data capabilities

- Search & social advertising solutions
- Leverage Conversant Media's expertise in growing digital audiences

Optimise integration

- Cross promotion opportunities implemented
- Integration opportunities generating revenue across the APN Group



Source: Conversant Media

(1) Site and social stats from Google Analytics and Facebook Insights, August 2016

Group Financials

Full Year Results



STATUTORY FINANCIAL INFORMATION



Basis of preparation

- Statutory results for 2016 are outlined in the appendices and are impacted by transactional activity. Results comprise:
 - ARN and Hong Kong for the full 12 months
 - Adshel: associate to 24 October, wholly owned thereafter
 - NZME: NPAT up to demerger in discontinued operations
 - ARM: NPAT up to sale (28 December) in discontinued operations
- Statutory cash flow reflects a combination of continuing and discontinued operations per the above

PRO FORMA FINANCIAL INFORMATION



A\$ million	2016 Pro forma revenue	2015 Pro forma revenue	YoY change	2016 Pro forma EBITDA	2015 Pro forma EBITDA	YoY change
Australian Radio Network ¹	225.3	221.1	2%	86.1	82.8	4%
Adshel	205.8	176.4	17%	46.2	38.3	21%
Hong Kong Outdoor	27.1	37.9	(29%)	(1.3)	0.4	>(100%)
Corporate	-	-	-	(13.9)	(12.7)	10%
Total^{2,3}	458.2	435.5	5%	117.1	108.9	8%

- Pursuing market, organic and bolt on revenue growth
- Fixed cost growth in 2017 for talent, site rent
- Co location underway: catalyst for integration
- Radio cash generation very strong; provides cash for reinvestment / shareholder returns

(1) ARN includes interests in Emotive, Brisbane FM Radio, Canberra Radio and Nova Perth Radio
 (2) Pro forma revenue and EBITDA includes 100% of Adshel and excludes Conversant Media
 (3) Before exceptional items



OTHER KEY AREAS

Leverage / Net debt

- Leverage (net debt / EBITDA) of 1.2 times, compared to covenant of 3.5 times
- EBITDA / interest of 9.7 times compared to covenant of 3.25 times
- All in cost of finance ~5.5% for FY16; consistent going forward
- Debt facility matures July 2019
- Target cash level circa A\$15–20m for working capital
- Dividends reinstated: 4 cps fully franked; DRP (no discount)

A\$ million	Dec 2016	Dec 2015
Gross debt	162.9	477.2
Less: Cash	(20.2)	(21.7)
Net debt	142.7	455.5

Trading Update

Full Year Results





TRADING UPDATE

Group revenue in January was comparable with strong results achieved in 2016.

In Radio, ARN outperformed the radio market which grew 0.8%. Revenue conditions softened in February with briefing activity strengthening and pipelines building in March.

Adshel performed in-line with a weaker Roadside-Other segment in January. Strong forward bookings and an improving pipeline suggests advertiser activity is returning to normal levels.

January costs for the Group were up for radio content, site rental increases and a number of specific integration projects now underway.

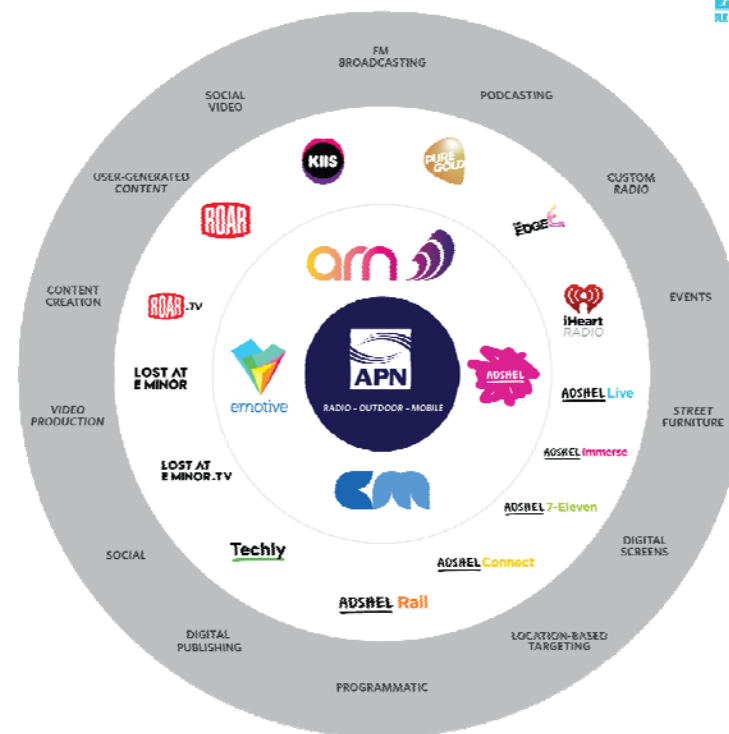
Summary

Full Year Results



IN SUMMARY

- Improved portfolio; balance sheet
- Eliminated exposure to print publishing
- 100% ownership of Adshel – unlocking growth opportunities
- ARN strong cash flow conversions
- Digital momentum continues across the group
- Unique “away from home” advertiser proposition





WHAT'S NEXT?

- Strong, growth focused individual assets with an opportunity to work together
- APN will move from a holder of media assets to a more operational and integrated approach
- Shift of revenue towards radio, outdoor, digital and social
- Greater engagement, mass reach and less fragmentation
- Re-branding and new go-to-market strategies – H1-2017
- Building new capabilities for future growth



Questions?

Full Year Results



Appendices

Full Year Results



RECONCILIATION OF SEGMENT RESULT TO STATUTORY RESULT

	Segment result		Exceptional items		Statutory result	
A\$ million	2016	2015	2016	2015	2016	2015
Revenue before finance income	298.6	259.0	-	-	298.6	259.0
Other income	7.2	7.0	223.5	4.0	230.7	11.0
Share of associate profits	9.3	11.9	-	-	9.3	11.9
Costs	(224.1)	(198.0)	(5.9)	(15.8)	(230.0)	(213.8)
EBITDA	90.9	80.0	217.6	(11.8)	308.6	68.2
Depreciation and amortisation	(8.5)	(5.0)	-	-	(8.5)	(5.0)
EBIT	82.4	74.9	217.6	(11.8)	300.0	63.1
Net interest	(17.7)	(31.7)	(0.4)	(3.3)	(18.0)	(35.1)
Tax	(16.6)	(11.1)	(13.7)	(2.4)	(30.3)	(13.4)
Profit / (loss) from continuing operations	48.2	32.1	203.5	(17.5)	251.7	14.6
NZME profit / (loss) after tax	15.5	37.1	(243.1)	(9.2)	(227.6)	28.0
ARM profit / (loss) after tax	5.6	6.7	(29.1)	(53.7)	(23.6)	(47.0)
Profit / (loss) from discontinued operations	21.1	43.9	(272.2)	(62.9)	(251.1)	(19.0)
Net profit / (loss) after tax	69.3	76.0	(68.7)	(80.4)	0.5	(4.4)
Profit/(loss) attributable to owners of the parent entity	62.7	70.2	(68.7)	(80.4)	(6.0)	(10.2)
Non-controlling interest	6.6	5.8	-	-	6.6	5.8
	69.3	76.0	(68.7)	(80.4)	0.5	(4.4)



NZME DISCONTINUED OPERATION

- No material change from H1 disclosures
- Details included in H1 APN market presentation

A\$ million	2016	2015
Revenue and other income	182.9	403.2
Expenses	(153.9)	(335.6)
EBITDA	29.1	67.7
Depreciation and amortisation	(11.3)	(22.0)
<i>Exceptional items</i>		
Loss on demerger	(125.7)	-
Reclassification of foreign currency to income statement	(47.3)	-
Foreign currency loss	(2.5)	-
Transaction costs	(8.2)	-
Net gain on disposal of properties and businesses	1.3	0.4
Net finance costs	(3.0)	-
Redundancies and associated costs	(2.8)	(6.7)
Asset write downs and business closures	-	(2.8)
Costs in relation to one off projects	(0.5)	(4.6)
Income tax expense	(56.5)	(4.1)
Profit/(loss) from discontinued operations	(227.6)	28.0

ARM DISCONTINUED OPERATION



- Acceleration of print declines in the period;
EBITDA down 40%
- Disposal completed 28 December 2016;
accounting finalised
- Write-down of assets to fair value less transaction
costs unchanged from H1

A\$ million	2016	2015
Revenue and other income	176.9	188.6
Expenses	(165.6)	(170.1)
EBITDA	11.2	18.5
Depreciation and amortisation	(3.7)	(8.2)
<i>Exceptional items</i>		
Write-down of assets to fair value less costs to sell	(15.5)	-
Redundancies and associated costs	(3.1)	(5.2)
Onerous contract costs	(0.6)	-
Loss on sale	(0.9)	-
Gain on insurance claim	-	1.3
Impairment of intangible assets	-	(50.8)
Net loss on disposal of properties	-	(0.2)
Income tax expense	(10.9)	(2.3)
Profit/(loss) from discontinued operations	(23.6)	(47.0)



EXCEPTIONAL ITEMS FROM CONTINUING OPERATIONS

A\$ million	H1 2016	H2 2016	2016	2015
Net finance costs	-	(0.4)	(0.4)	(3.3)
Net gain on disposal of properties and businesses	0.4	-	0.4	-
Onerous contract and other costs	(2.7)	0.2	(2.5)	(13.3)
Asset write downs and business closures	-	-	-	(1.1)
Acquisition costs	-	(3.4)	(3.4)	(1.4)
Accounting gain on acquisition of Adshel	-	223.1	223.1	-
Gain on financial assets held at fair value through profit and loss	-	-	-	4.0
	(2.3)	219.5	217.2	(15.1)
Income tax credit	0.5	(1.1)	(0.6)	(0.3)
IRD settlement – APN allocation (NZ\$16.95m)	(15.7)	-	(15.7)	-
Write-off of tax losses and other adjustments	(0.4)	2.9	2.5	(2.1)
Exceptional items, net of tax	(17.8)	221.4	203.5	(17.5)



CASH FLOW

A\$ million	2016	2015
Operating cash flow (before exceptional items)	104.8	160.6
Net payments related to exceptional items	(7.7)	(17.2)
Net interest paid and refinancing	(19.9)	(30.9)
HK Outdoor onerous lease costs	(7.6)	(5.0)
Demerger costs	(8.3)	-
Net tax paid	(23.3)	(2.9)
Capital expenditure	(15.0)	(30.8)
Cash received from associates	1.3	10.0
Payments to non-controlling interests	(5.7)	(6.0)
Other	0.8	0.5
Net cash flow before investing activities	19.5	78.2
Net proceeds from sale of business and properties	37.1	2.6
Net payments for investments	(271.7)	(83.8)
Net debt transferred on demerger	93.7	-
Net proceeds from issue of shares	442.7	-
Net cash flow	321.3	(3.0)

- Operating cashflows reflect the demerger of NZME in June and approx. 2 months post acquisition cashflows of Adshel and Conversant Media
- Exceptional cashflows include restructuring & onerous contract costs of discontinued operations - NZME and ARM
- Taxes paid includes APN's portion of the IRD settlement (NZ\$16.95m)
- \$36.6m gross proceeds on ARM sale included in sale of businesses
- Net payments for investments includes Conversant Media and remaining 50% of Adshel, net of cash acquired and transaction costs
- Debt transferred to NZME on demerger is shown net of cash retained by NZME

Includes cash flows from continuing and discontinued operations



EBITDA TO EBIT RECONCILIATION

Full Year Results

	2016			2015		
AUD million	EBITDA	D&A	EBIT	EBITDA	D&A	EBIT
Australian Radio Network	86.1	4.7	81.4	82.8	4.6	78.2
Adshel	20.0	3.5	16.5	9.4	-	9.4
Hong Kong Outdoor	(1.3)	0.3	(1.6)	0.4	0.3	0.2
Corporate	(13.9)	0.1	(14.0)	(12.7)	0.1	(12.8)
Total	90.9	8.5	82.4	80.0	5.0	74.9



H1 STATUTORY PERFORMANCE

Full Year Results

AUD million	Revenue			EBITDA		
	2016	Local currency	As reported	2016	Local currency	As reported
Australian Radio Network	114.8	10%	10%	40.2	10%	10%
Adshel	-	-	-	3.8	14%	14%
Hong Kong Outdoor	14.4	(46%)	(42%)	(0.5)	>(100%)	>(100%)
Corporate	-	-	-	(7.6)	20%	20%
Total	129.1	(69 %)	(68 %)	35.9	(50 %)	(49 %)



H2 STATUTORY PERFORMANCE

Full Year Results

AUD million	Revenue			EBITDA		
	2016	Local currency	As reported	2016	Local currency	As reported
Australian Radio Network	110.5	(5%)	(5%)	45.9	(1%)	(1%)
Adshel	45.5	100%	100%	16.2	>100%	>100%
Hong Kong Outdoor	12.8	7%	(3%)	(0.9)	>(100%)	>(100%)
Corporate	0.7	100%	100%	(6.3)	-	-
Total	169.5	32 %	31 %	55.0	18 %	18 %



CURRENCY

Full Year Results

	AUD / NZD		AUD / HKD	
	2016	2015	2016	2015
June half average	1.084	1.055	5.704	6.066
Full year average	1.067	1.076	5.776	5.832
Period end rate	1.040	1.068	5.584	5.650

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