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# 2011 Full Year Result

23 February 2012

CEO Brett Chenoweth  
CFO Peter Myers



# Financial results for 2011

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## FY 2011

AUD millions	2011	2010	Δ%
Revenue	1,072.4	1,059.1	1%
EBITDA*	208.9	244.3	(14%)
EBIT*	171.4	205.4	(17%)
Net profit after tax*	78.2	103.1	(24%)
Statutory net profit/ (loss) after tax	(45.1)	93.8	
Earnings per share (cents)	(7.3)	15.6	

\* Before exceptional items based on segment reporting

- In line with guidance
- Dividend per share: 5 cents, of which 1.5 cents is franked
- Result includes H1 impairment charge of \$159m

# Divisional performance – FY 2011

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## FY 2011 Segment result

	Revenue			EBIT		
	AUD millions	FY 2011	Δ% local currency	Δ% as reported	FY 2011	Δ% local currency
Australian Regional Media	272.8	(5%)	(5%)	43.6	(27%)	(27%)
New Zealand Media	303.3	(3%)	(5%)	51.8	(25%)	(27%)
Australian Radio Network	133.2	5%	5%	44.9	5%	5%
The Radio Network	86.7	4%	1%	12.5	0%	(3%)
Outdoor	263.7	13%	10%	38.0	33%	31%
Digital Ventures*	12.6			(4.9)		
Corporate				(14.5)		
<b>Total</b>	<b>1,072.4</b>	<b>3%</b>	<b>1%</b>	<b>171.4</b>	<b>(16%)</b>	<b>(17%)</b>

\* Includes businesses acquired during the year

# Divisional performance – H2 2011

## H2 2011 Segment results

AUD millions	Revenue			EBIT		
	H2 2011	Δ% local currency	Δ% as reported	FY 2011	Δ% local currency	Δ% as reported
Australian Regional Media	137.9	(7%)	(7%)	26.0	(16%)	(16%)
New Zealand Media	158.6	(3%)	(3%)	28.8	(23%)	(23%)
Australian Radio Network	70.1	6%	6%	24.6	14%	14%
The Radio Network	46.4	2%	2%	7.7	(6%)	(8%)
Outdoor	141.9	11%	10%	25.6	17%	16%
Digital Ventures*	9.4			(2.1)		
Corporate				(5.7)		
<b>Total</b>	<b>564.3</b>	<b>3%</b>	<b>2%</b>	<b>104.9</b>	<b>(11%)</b>	<b>(11%)</b>

\* Includes businesses acquired during the year

# APN delivers on commitments

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Commitment	Delivered
NPAT \$75-\$77m EBIT \$171-\$173m	<ul style="list-style-type: none"> <li>• NPAT \$78.2m</li> <li>• EBIT \$171.4m</li> </ul>
Reduce publishing costs	<ul style="list-style-type: none"> <li>• Targeted \$15m annualised saving, delivered \$25m</li> </ul>
Rejuvenate publishing	<ul style="list-style-type: none"> <li>• New CEO in ARM and new management teams</li> <li>• ARM efficiencies and 'digital first' in two markets</li> <li>• NZM restructure for multi-media approach</li> <li>• NZ Herald grew circulation and readership</li> </ul>
Rationalise print	<ul style="list-style-type: none"> <li>• 11 printing sites reduced to 8 sites</li> </ul>
Expand outdoor	<ul style="list-style-type: none"> <li>• APNO outperformed market, EBIT up 31%, major contract wins</li> <li>• Joint venture Quadrant Private Equity</li> </ul>
Grow radio	<ul style="list-style-type: none"> <li>• ARN markets up 0.9%, ARN up 5%</li> <li>• TRN market up 2.0%, TRN up 4%</li> </ul>
Invest in digital	<ul style="list-style-type: none"> <li>• GrabOne clear market leader NZ</li> <li>• Acquired CC Media and Jimungo</li> </ul>

# Publishing - Australian Regional Media

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AUD millions	Revenue		EBIT	
2011 Performance	272.8	(5%)	43.6	(27%)

- New CEO and management team
- Strong brands and regional market positions with robust cash flows
- Floods and weak consumer confidence had material impact. Good results in mining and resources markets, subdued in tourist markets
- Rejuvenating operating model to deliver sustainable cost reductions by:
  - increasing productivity in commercial teams
  - improving efficiency of editorial and pre-press
  - closure of printing operations (Mackay, Bundaberg)
- ‘Digital first’ approach in Tweed Heads and Coffs Harbour, early signs encouraging
- In 2012, focus on proactive cost management, digital first rollout to newsrooms (maintaining publication frequency), centralise resources and develop new digital revenue streams

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# Publishing – New Zealand Media



AUD millions Δ% local currency	Revenue		EBIT	
2011 Performance	303.3	(3%)	51.8	(25%)

- Cumulative impact economic conditions, earthquakes and weak consumer confidence
- NZM strengthened management team with multi-media focus. Integrated newsroom, single Editor-in-Chief and launched APNZ
- NZM brand audience is 2.6m each week. New Zealand Herald brand audience across print, online and mobile increased to 1.3m people each week
- nzherald.co.nz awarded best website in NZ, reaches 62% of online audience  
Rapid take up of new iPhone and android apps
- New approach to NZ Regional newspapers in content, format and morning editions
- Closure of printing site (Christchurch). Centralised advertising booking and production reduced headcount by 35% from 2009 to 2011
- In 2012, NZM will deliver further substantial cost savings

# Radio – Australian Radio Network

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AUD millions	Revenue		EBIT	
2011 Performance	133.2	5%	44.9	5%

- ARN's markets up 0.9%, ARN revenue up 5%
- Final survey for 2011
  - ARN improved to #1 among 25-54 year olds in Adelaide and #2 in all other markets
  - Mix 102.3 was #1 in Adelaide and 97.3 was #1 Brisbane
  - Market share among 25 to 54 years highest since 2008
- Product innovation included '3pm Pick Up' and 'Mix 90s' the first commercially focused in store digital radio with Chemist Warehouse
- In early 2012 launched three new breakfast programs attracting proven talent and new locally focused music format show
- In 2012, ARN focus is building on market share gains and margin expansion

# Radio – The Radio Network



AUD millions Δ% local currency	Revenue		EBIT	
2011 Performance	86.7	4%	12.5	0%

- Radio market up 2.0%, TRN up 4%
- Newstalk ZB remains #1 national network. Now simulcast in FM and AM in 6 major markets increasing audience
- TRN continues to have three of the top five national networks
- TRN launched 8 new radio websites with improved interactivity and greater social media connections and four new phone apps
- Implementation of digital strategy with significant increases in online engagement (UB's up 21%), social connections (Twitter up 600%) and online revenue (up 38%)
- Investment in digital platforms and capabilities for growth
- In 2012, TRN will continue to focus on growing digital revenues and providing integrated client solutions

# Outdoor

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AUD millions	Revenue		EBIT	
Δ% local currency				
2011 Performance	263.7	13%	38.0	33%

- Australian Outdoor market grew 3.4% in 2011. APN outperformed market in all major categories
- Australia - Strong year for winning new contracts (Main Roads, Top Ryde, Perth airport internal) as well as major renewals (WA buses, Rail Corp, City Link, Perth airport external). Continued in Q1 (Brisbane transit)
- New Zealand - Completed integration of OGGI
- Adshel - Significant win with the Yarra Trams contract. “Create” initiative provided interactive and digital solutions. Yield management improvements
- Asia - Achieved double digit revenue growth in Indonesia and HK, further rollout of Webus HK and webus apps. Solid billboard growth in Hong Kong
- Results above include:
  - Hong Kong revenue \$33m and EBIT \$4.1m
  - Adshel equity accounted earnings of \$6.1m (in EBIT)

# Digital



AUD millions	Revenue	EBIT
Digital Ventures*	12.6	(4.9)

## Digital capabilities in place, revenue and earnings momentum building

- Increased investment in GrabOne; took controlling equity positions in CC Media and Jimungo; invested with digital incubator Pollenizer
- GrabOne leads NZ with 70% market share
- CC Media's digital distribution network has 6m UVs per month. Delivered 2.2m digital catalogues over the 2011 Christmas period
- GrabOne and CC Media profitable in 2012

## Expand digital capabilities

- Focus on mobile, video, social, ad product and data analytics
- Centralized capabilities have strongly contributed to digital achievements across APN, including more than doubling APN digital revenues to \$33.7m in 2011

In 2012, accelerate digital revenue and earnings momentum while continuing to make measured strategic new investments

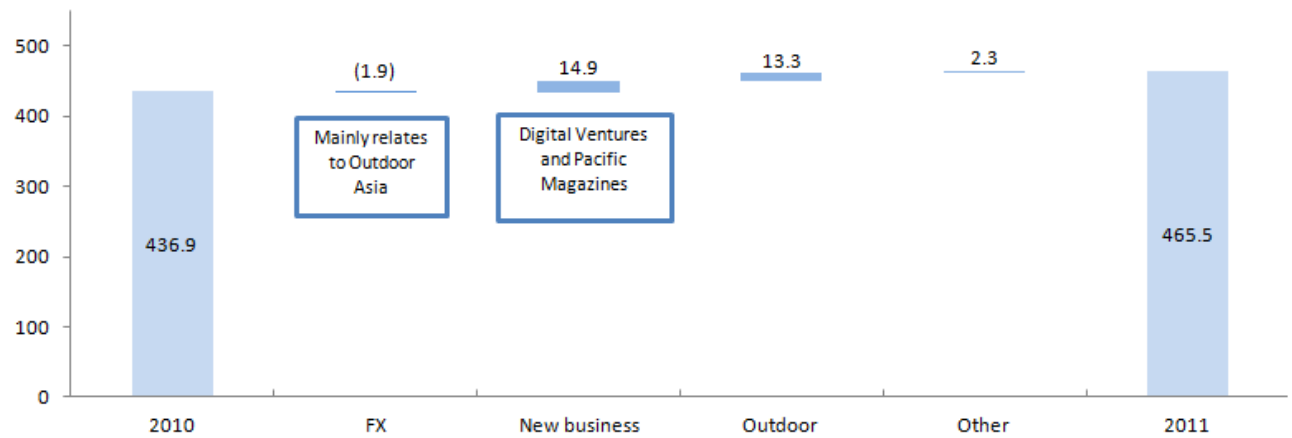
\* Includes businesses acquired during the year

# Financial Summary

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AUD millions	Pre exceptionals		Exceptional items/ discontinueds		Post exceptionals	
	FY 11	FY 10	FY 11	FY 10	FY 11	FY 10
Revenue before finance income	<b>1,072.4</b>	1,059.1			<b>1,072.4</b>	1,059.1
Other income	<b>2.2</b>	3.0	<b>21.0</b>	(1.1)	<b>23.3</b>	4.1
Associate profits	<b>5.8</b>	3.7		0.7	<b>5.8</b>	3.0
Costs	<b>(871.5)</b>	(821.4)	<b>(195.1)</b>	6.2	<b>(1,066.6)</b>	(827.6)
<b>EBITDA</b>	<b>208.9</b>	244.3	<b>(174.1)</b>	5.8	<b>34.9</b>	238.5
Depreciation/ amortisation	<b>(37.5)</b>	(38.9)		0.2	<b>(37.5)</b>	(39.1)
<b>EBIT</b>	<b>171.4</b>	205.4	<b>(174.1)</b>	6.0	<b>(2.7)</b>	199.4
Discontinued operations	-			4.9	-	(4.9)
Net interest	<b>(55.9)</b>	(49.8)			<b>(55.9)</b>	(49.8)
Tax	<b>(13.9)</b>	(30.4)	<b>53.5</b>	(0.4)	<b>39.7</b>	(30.1)
Non controlling interests	<b>(23.4)</b>	(22.1)	<b>(2.8)</b>	(1.2)	<b>(26.1)</b>	(21.0)
<b>Net profit/(loss) after tax</b>	<b>78.2</b>	103.1	<b>(123.3)</b>	9.3	<b>(45.1)</b>	93.8

# H2 Costs



Analysis above excludes H2 exceptional costs of \$16.6m (2010: \$6.3m)

Cost growth outside new business and outdoor division less than 1% in H2 compared to 3% in H1

# Exceptional items

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AUD millions	FY 11	FY 10
One off gains	21.0	1.1
Redundancies and associated costs	(17.3)	(3.3)
Asset write downs and business closures	(18.3)	(1.7)
Impairment of intangibles	(159.5)	-
Corporate, legal and other	-	(5.0)
Reversal of impairment of investment in associate	-	3.0
	<b>(174.1)</b>	<b>(6.0)</b>
Income tax credit	53.5	2.8
Impact of New Zealand tax changes	-	(2.5)
Minority interest	(2.8)	1.2
<b>Exceptional items, net of tax and minority interest</b>	<b>(123.3)</b>	<b>(4.5)</b>

# Continuing strong cash generation



## FY 2011 Operating Cash Flow

AUD millions	FY11	FY10
EBITDA (pre-exceptionals)	208.9	244.3
Operating cash flow (pre-exceptionals)	211.1	237.2
% of EBITDA	101%	97%
Adjusted for Adshel	104%	100%

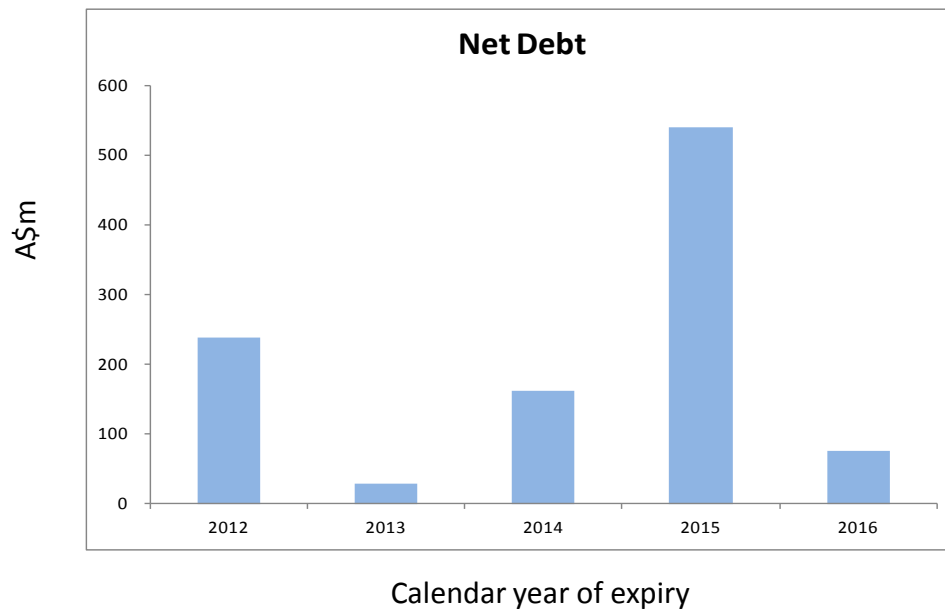
# Credit profile

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- Total debt of \$669m at year end and net debt of \$646m
- October 2012 maturities fully covered by undrawn committed lines
- Outdoor transaction improves credit profile

## Debt Maturity Profile



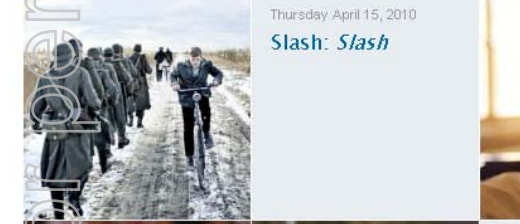
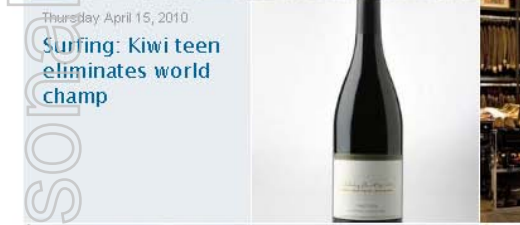
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# Currency

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Exchange rates	AUD/NZD		AUD/HKD	
	2011	2010	2011	2010
June half average	1.335	1.267	8.108	6.942
Full year average	1.306	1.273	8.041	7.141
Period end rate	1.314	1.326	7.934	7.917

# Dividend



- Dividend of 5.0 cents of which 1.5 cents is franked
- Payable 30 March 2012 (record date of 8 March 2012)
- Dividend reinvestment plan in place with 2.5% discount

# Summary of operational imperatives for 2012

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## Publishing

- Drive further efficiencies to deliver substantial **cost reductions** in publishing
- Continue to increase our **audiences** across print, online and mobile

## Radio

- Build on **ratings** momentum
- Grow **share** above the market

## Outdoor

- Complete APN Outdoor **joint venture** with Quadrant Private Equity
- Drive **growth** agenda

## Digital

- Accelerate **digital revenue and earnings** momentum
- Continue to target measured strategic new **digital investments**

# Market update



Advertising market in Australia and New Zealand remains mixed.

Publishing divisions benefit from the \$25m of annualised cost savings implemented in 2011.

Resilient performances from our Australian outdoor and radio businesses. However, New Zealand remains behind prior year comparisons that preceded the impact of the Christchurch earthquake.

Further update to trading at the Annual General Meeting in May.



# 2011 Full Year Result

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