

The logo for NZME, consisting of the letters 'NZ' stacked above 'ME'. The letters are white and bold. A small globe icon is positioned to the right of the 'E' in 'ME'. The background is a dark, abstract image of water splashing, with blue and green hues.

**NZ
ME.**

HALF YEAR 2017 RESULTS PRESENTATION

24 AUGUST 2017

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Agenda

- **Results Summary**

& Achievement of Operational Priorities – 6

- **Channel Results**

Print, Radio & Experiential, Digital & e-Commerce – 12

- **Financials** – 19

- **FY17 Focus**

and Current Trading – 24

- **Q&A** – 28

- **Supplementary Information** – 30

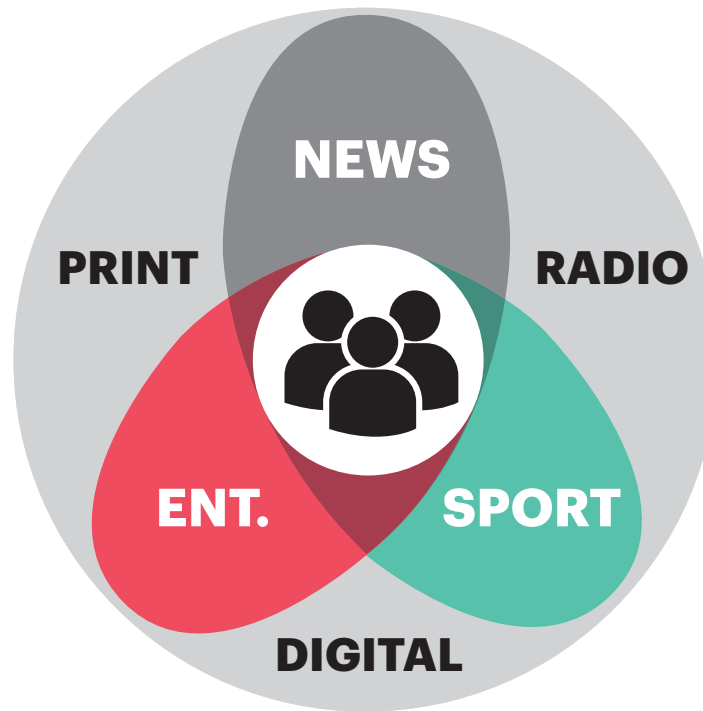
NZME.

NZME's Transformation, Integration & Demerger

radionetwork



GrabOne



NZME.

Merger of three leading New Zealand traditional and digital media businesses.

Listed on NZX Main Board and ASX on 27 June 2016.

Demerged from APN (now HT&E) on 29 June 2016.

Transformed into an audience-centric business focusing on News, Sport and Entertainment pillars.

Integrating our sales and editorial teams, facilitated by NZME Central and regional co-locations.

Team NZ win America's Cup; NZME's multi-platform content distribution

June 27, 2017
5:35 AM

nzherald.co.nz

BREAKING
"How Team New Zealand won the America's Cup"

5:37 AM

nzherald.co.nz

"Team New Zealand are bringing home the America's Cup"

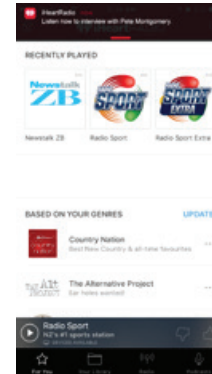


6:11 AM

iHeart RADIO

RADIO SPORT

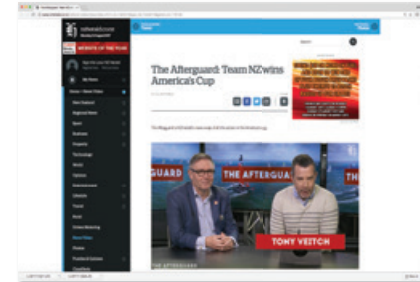
PJ Montgomery's wrap of the mornings race



7:07 AM

THE AFTERGUARD

The Afterguard: Mark Orams on Team NZ's victory



On June 27, over 1 million visitors came to the nzherald.co.nz, over **4.1 million page impressions** were consumed, and readers spent **over 3 minutes** on the site¹. NZ Herald social content reached **more than 2 million people** on Facebook, with **over 187,000 interactions**.

June 28, 2017

The New Zealand Herald

NZ Herald printed edition wrap



7:07 AM

NewstalkZB®

Grant Dalton interviewed, followed by Peter Montgomery, Hayden Porter, Peter Burling and Sir Stephen Tindall



7:10 AM

WatchMe.

Brett O'Riley, ATEED spokesman, interviewed by Tony Vetch



7:10 AM

nzherald.co.nz

"As it happened: It's ours! Team New Zealand claims America's Cup after 14 years"

(1) Nielsen Market Intelligence, domestic traffic, June 27 2017.

NZME H1 17 Results Summary

STATUTORY NPAT¹

\$7.8m

TRADING EBITDA²

\$28.2m

▲ 1% H1 16 PRO FORMA² \$27.9m

TRADING NPAT²

\$9.9m

▲ 1% H1 16 PRO FORMA² \$9.8m

TRADING REVENUE²

\$189.1m

▼ 3% H1 16 PRO FORMA² \$195.3m

TRADING EARNINGS PER SHARE²

5.0cps

▲ 1% H1 16 PRO FORMA² 5.0cps

INTERIM DIVIDEND FULLY IMPUTED³

3.5cps

SCHEDULED FOR PAYMENT ON
27 OCTOBER 2017

(1) The H1 16 Statutory NPAT of \$60.8m was impacted by the demerger from APN (now HT&E) and discontinued businesses, and is therefore not comparable with the H1 17 result as explained in the Supplementary Information on page 32-34. (2) All Trading and Pro forma measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 31-34. (3) A supplementary dividend of 0.6176 cents per share will be payable to shareholders who are not tax residents in New Zealand and who hold less than 10% of the shares in NZME Limited.

*NZME's coverage of the Lions Series reached over **1.5 million** unique browsers, with over **1.5 million** readers viewing NZ Herald's Social content on the day of the deciding test alone ¹.*



**Photographer – Mark Mitchell (The New Zealand Herald)
Lions Series 2017**

(1) Adobe Digital Analytix, domestic browsers, 3 June – 10 July 2017.

NZME H1 17 Achievements against Operational Priorities

1. Audience growth 4% YoY to 3.3 million¹

2. Print revenue decline slowed further

3. Radio revenue audience share growth achieved, agency growth continues

4. Digital revenue 20% YoY growth

5. Cost savings 4% YoY²

6. Talent developed leadership engagement improved,
The Hits & Newstalk ZB talent enhancements

7. Merger progressed
NZ Commerce Commission appeal process underway

(1) Nielsen CMI, May fused database: Q2 16 to Q1 17 (population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels. (2) Please refer to pages 32-34 for a reconciliation of H1 16 Statutory, previously reported and Pro forma Costs.

Mike Hosking
New Zealand's No. 1 Breakfast Host

Newstalk
ZB

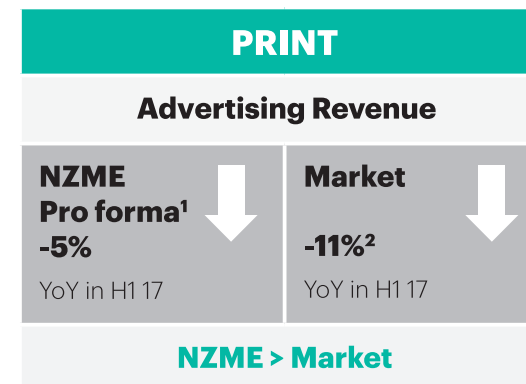
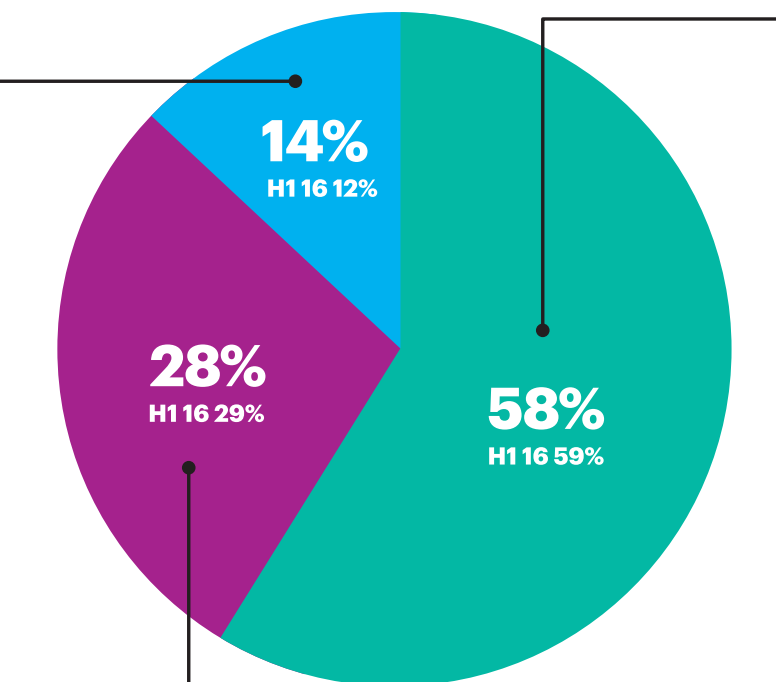
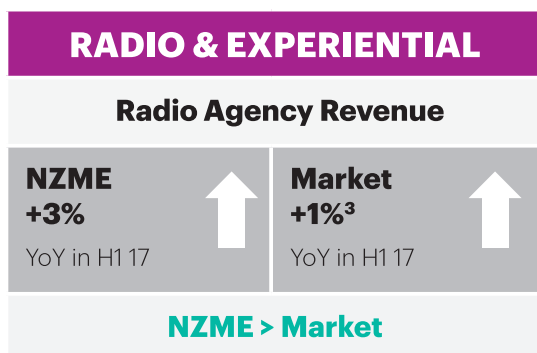
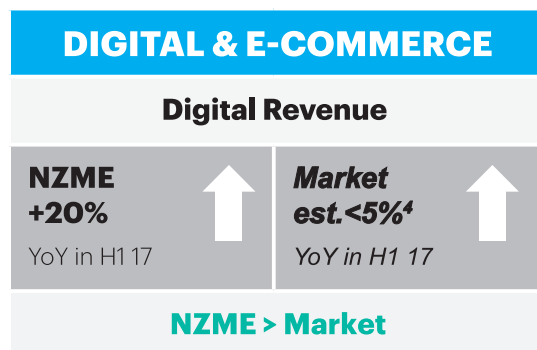
*The week that Cyclone Cook hit NZ was the second largest audience week to date for nzherald.co.nz, reaching over **4.2 million** unique browsers. NZ Herald social content reached more than **2 million** people on Facebook¹.*



Photographer - Paul Taylor (Hawkes Bay Today)
Cyclone Cook, April 14, 2017

(1) Nielsen Market Intelligence, domestic traffic, 10 - 16 April 2017

NZME H1 17 Market Comparables



Pro forma¹ Revenue

- Print
- Radio & Experiential
- Digital & e-Commerce

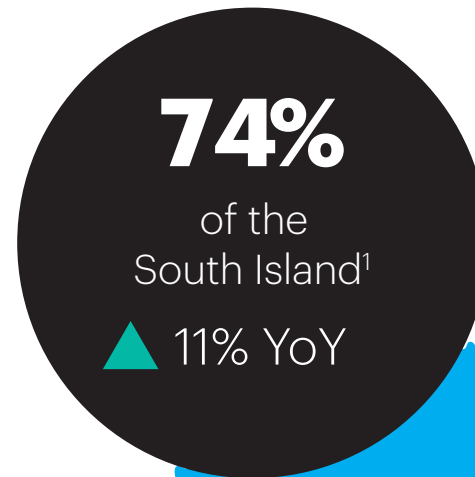
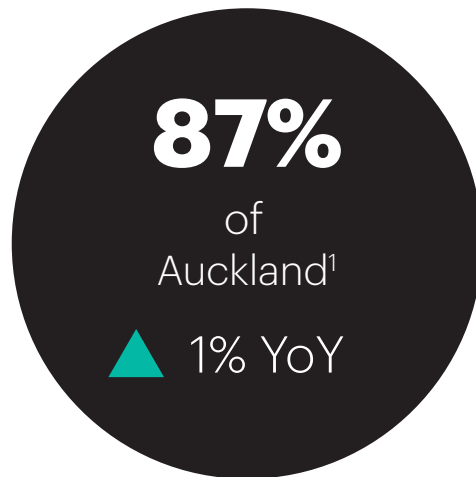
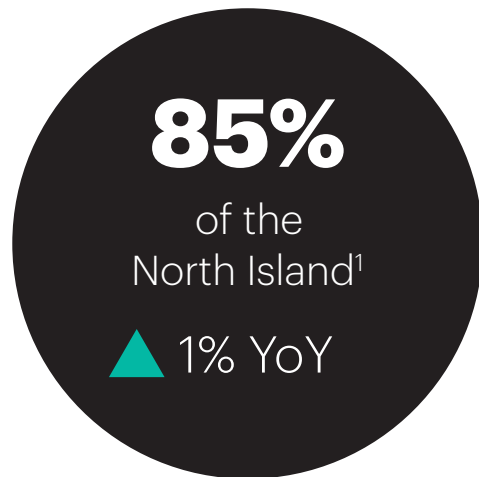
NZME Pro forma Revenue ¹ Summary (\$m)	H1 17	H1 16	% Change
Print Revenue	110.6	115.6	(4%)
Radio & Experiential Revenue	52.6	55.8	(6%)
Digital & e-Commerce Revenue	26.0	23.9	9%
Total Pro forma Revenue¹	189.1	195.3	(3%)

(1) Pro forma Revenue is a non-GAAP measure that is explained and reconciled in the supplementary information on page 33. (2) PwC NPA Quarterly Performance Comparison Report Q2 2017. (3) SMI New Zealand Agency Advertising Expenditure Report June 2017. (4) IAB / PWC New Zealand H1 2017 Interactive Advertising Spend Report (NZ market only). Note: Year on year comparison is only indicative as data collection and collation methodology has changed.

NZME's reach is growing

82%¹ of New Zealanders now read, watch, listen to, or otherwise engage with our brands

NZME reaches:



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

(1) Nielsen CMI, May fused database: Q2 16 – Q1 17 (population 10 years +).
Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels.

NZME Print

NZME Print Revenue (\$m)	H1 17	H1 16	% Change
Advertising Revenue	60.2	63.2	(5%)
Circulation Revenue	41.9	43.2	(3%)
Other Revenue	8.4	9.1	(7%)
Total Pro forma Revenue¹	110.6	115.6	(4%)
Revenue from Divestments ²	-	2.6	(100%)
Total Trading Revenue²	110.6	118.1	(6%)

- Print revenue rate of decline slowed due to ongoing focus on customer retention and benefits of integrated selling, assisted by revenue relating to the America’s Cup and Lions Series.
- Circulation revenues down due to retail declines, despite subscriber revenue growth, as exhibited overleaf.
- Other revenue represents printing and distribution services provided to external parties which decreased slightly due to volume reductions.
- Strength of print brands recently recognised at the 2017 Canon Media Awards; *The New Zealand Herald* won ‘Best Daily Newspaper’, and the *Weekend Herald* won 3 awards, including the top prize of ‘Newspaper of the Year’.



Best Daily Newspaper
(more than 30,000 circulation)

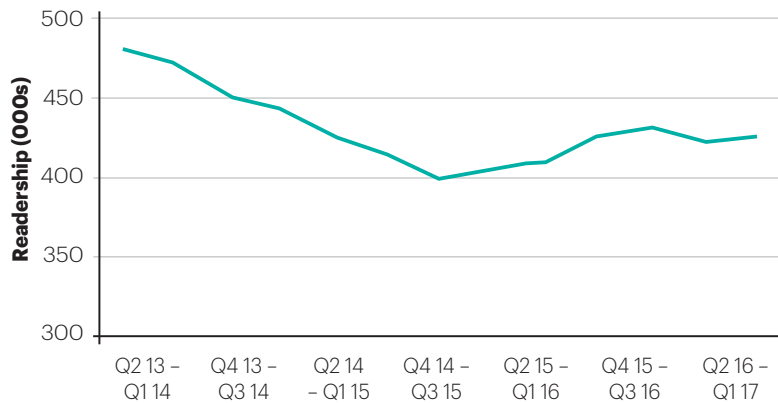


Newspaper of the Year
Best Weekly Newspaper
Best Newspaper Front Page

(1) H1 16 Pro forma Revenue is a non-GAAP measure that is explained and reconciled in the supplementary information on pages 32-33. (2) Trading Revenue for H1 16 includes revenue from divestments including the Wairarapa Times Age sold in June 2016 (FY16 \$2.3m), and Whakatane News sold in August 2016 (FY16 \$0.3m).

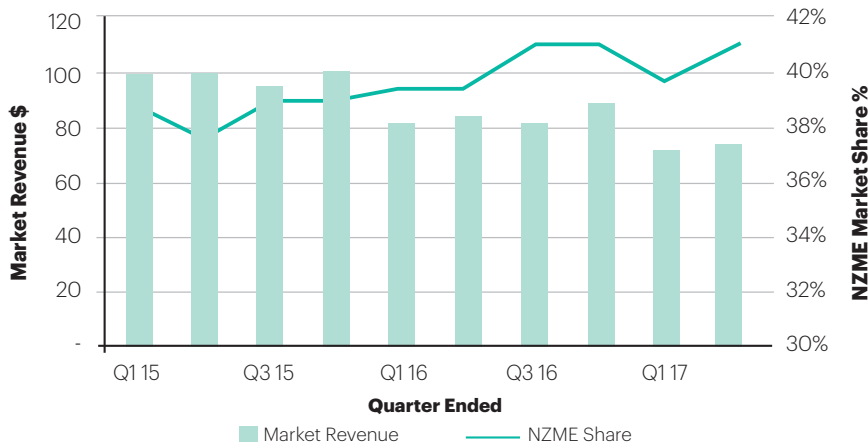
Maintaining print readership of our award winning brands

The NZ Herald Mon – Sat Average Issue Readership¹

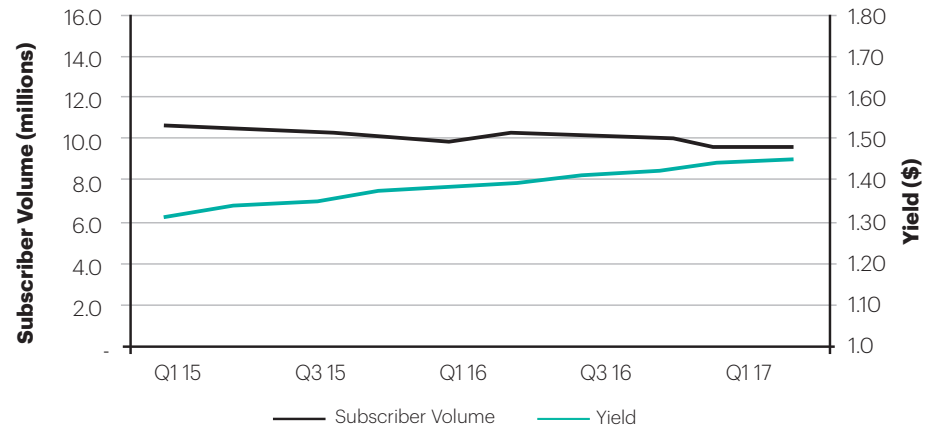


- Exceeding market revenue growth trends has led to a year on year increase in print advertising revenue market share to 41%².
- Subscriber revenue growth achieved through yield increases, which offset a slight volume decline YoY.
- Retail volume pressures continue and were only partially offset with yield increases, leading to retail revenue decline.

Total Print Advertising Market Revenue and NZME Share %²



NZME Subscriber Volume and Yield³



(1) Nielsen CMI, NZ Herald AIR trend. AP15+ (2) PwC NPA Quarterly performance comparison report Q1 2015 – Q2 2017. (3) 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.

NZME Radio & Experiential

NZME Radio & Experiential Revenue (\$m)	H1 17	H1 16	% Change
Radio & Experiential Revenue ¹	50.4	53.6	(6%)
Other Revenue (incl. iHeart and Events)	2.1	2.2	(3%)
Total Revenue	52.6	55.8	(6%)

NZME Major Markets 18-54 y/o Station Share²



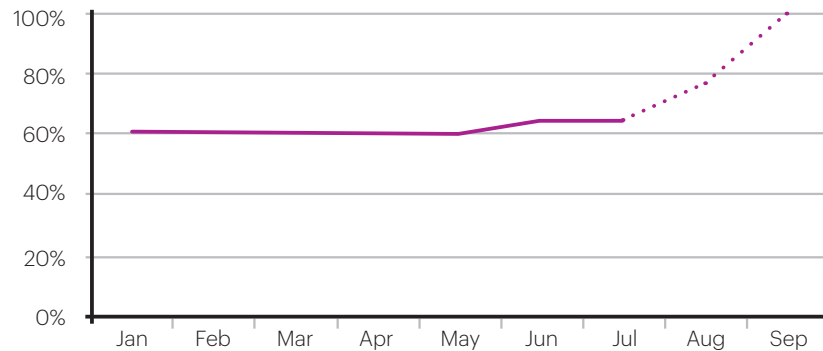
- Growth in radio agency revenue continues due to improvements in sales and support for agencies.
- Momentum change in radio survey results, reversing previous losses, gaining 4.1%² of the key 18-54 y/o demographic major market share in the first two surveys of 2017.
- Challenges continue in the regional direct markets due to a lag in realising consistent revenue benefits from changes made in early FY17 to successfully grow market share.
- Over 250,000 downloads of the new *iHeart Radio* App, which launched in January 2017 with great user feedback. New data will enhance audience targeting, attracting premium advertisers.
- Successful extension of the *PwC Herald Talks* to Wellington and Christchurch with over 1,400 guests across the country year to date.



(1) Radio & Experiential Revenue includes agency, direct and experiential revenue streams. (2) GfK Radio Audience Measurement, Commercial Stations. NZME & Partners in Major Markets Trended till T2/2017. Station Share %. Mon-Sun 12mn-12mn, 18-54. Note: T1 2014 – T2 2015 conducted by previous provider TNS, 2016 and 2017 surveys conducted by current provider GfK. T1 2015 conducted by the incumbent provider TNS, and not released as an official survey result.

Focus on key initiatives continues in H2

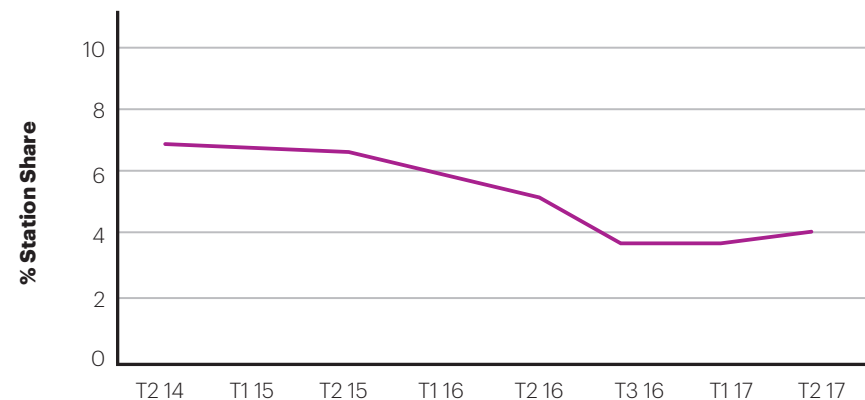
Proportion of Direct Sales Team Equipped to Sell Radio 2017



Initiatives in place to drive revenue growth:

- Sales team transformation to be completed in September 2017, equipping and incentivising all direct frontline staff to sell radio;
- New nationwide CRM system and suite of sales tools implemented in Q2, currently being operationalised to improve sales pipeline management and customer understanding;
- Following stabilisation in Auckland, new breakfast shows for The Hits extended across the country, including new talent; and
- Leverage strong audience and share growth to deliver revenue.

The Hits Auckland 25-54 v/o 6-9am Station Share¹



(1) GfK Radio Audience Measurement, Commercial Stations. NZME & Partners in Auckland Trended till T2/2017. Station Share %. Mon-Fri 6am-9am, 25-54. Note: T1 2014 - T2 2015 conducted by previous provider TNS, 2016 and 2017 surveys conducted by current provider GfK. T1 2015 conducted by the incumbent provider TNS, and not released as an official survey result.



NZME Digital & e-Commerce



GrabOne

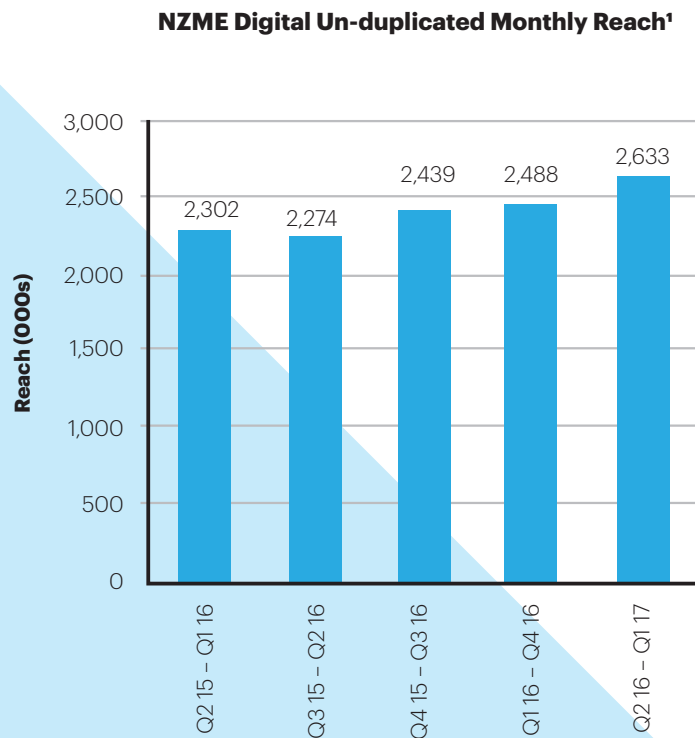
NZME Digital & e-Commerce Revenue (\$m)	H1 17	H1 16	% Change
Digital Revenue	20.5	17.1	20%
e-Commerce Revenue	5.5	6.8	(20%)
Total Revenue	26.0	23.9	9%



- Dollar growth in digital revenue exceeded decline in print advertising revenue for the second consecutive half year, suggesting digital strategy is contributing to group stability¹.
- Digital revenue growth across all products with mobile being the largest driver.
- Redesigned *NZ Herald* website utilising Washington Post software launched in the first half; responsive and optimised for people on the go, new opportunities for advertisers.
- *NZ Herald Focus* recently awarded “Best Launch of a Brand or Product to Create an Audience Segment” at the INMA World Congress and continues to grow, now often achieving more than 2 million streams per week across NZME’s native and social platforms.
- Relunched the *GrabOne* website and App in May 2017 with relevancy targeting on a sample group showing a 10% improvement.
- New investments in *Driven.co.nz*, *RestaurantHub* and *Ratebroker* remain key portfolio developments for the future.


(1) Note: Decline in total Print revenue, including circulation and other revenue not exceeded by growth in digital revenue.

NZME'S digital audience has grown by **14% YoY¹** and **native video streams** by **101% YoY²**



- The *nzherald.co.nz* audience has increased 17% YoY, supported by nationwide growth, with the site now reaching more than 2 million New Zealanders each month¹.
- Native video streams have grown 101% YoY² driven by significant growth from *NZ Herald Focus*.
- *NZ Herald* is the most engaged media brand on Facebook in Australia and New Zealand with over 7 million interactions in Q1 17³.
- *NZ Herald* Facebook average daily reach is now more than 2 million, up 5% on H1 16³.
- NZME Radio brands combined social footprint up 17% YoY to over 1.6 million fans³.

(1) Nielsen CMI, May fused database: Q2 16 - Q1 17 (population 10 years +). Based on unduplicated monthly domestic unique audience of NZME's digital channels. (2) Brightcove Analytics January 2016 - June 2017. Native = viewed on an NZME platform. (3) Social Bakers Q1 17 Media Insights & Benchmarks.

An aerial photograph showing a coastal road and cliffside. The road is a narrow, winding path with a metal guardrail, situated on a steep, rocky cliffside. The cliff face is composed of light-colored, layered rock. To the right of the road, the terrain is covered in a large amount of loose, greyish-brown rubble and debris, indicating a landslide or earthquake damage. The road curves along the edge of the cliff, overlooking a rocky beach and the ocean. The water is a deep blue-green color. The overall scene depicts the aftermath of a significant seismic event.

*During the week of the Kaikoura earthquake, nzherald.co.nz reached over **4.4 million** unique browsers, our largest week to date. On the day of the quake, NZ Herald social content reached more than **11 million** people on Facebook¹.*

**Photographer – Mark Mitchell (NZ Herald)
November 14, 7.7 earthquake, north of Kaikoura**

(1) Nielsen Market Intelligence, domestic traffic, 7 – 20 November 2016

H1 17 Financials

NZME Trading Result

NZME Trading Result ¹	H1 17	H1 16 Pro forma ¹	% Change
Trading Revenue ¹	189.1	195.3	(3%)
Other Income	1.9	2.0	(2%)
Costs	(162.8)	(169.3)	(4%)
Trading EBITDA ¹	28.2	27.9	1%
Interim Dividend	3.5cps	3.5cps	-

- Trading EBITDA up 1% compared to H1 2016 Pro forma. The Pro forma adjusts H1 2016 for Pro forma standalone costs previously disclosed and businesses divested.
- Dollar revenue growth in digital more than offset declines in print advertising dollars², however challenges continue in the direct radio market.
- Ongoing focus on cost-out and operational initiatives led to a 4% reduction in costs, supporting earnings stability.
- Other income primarily relates to charges to APN (now HT&E) for financial back office services and rental income.

(1) All Trading and Pro forma measures shown here are non-GAAP measures that are explained and reconciled in the Supplementary Information on pages 31-34. (2) Note: Decline in total Print revenue, including circulation and other revenue not exceeded by growth in digital revenue.



Tristram Clayton
NZ Herald Focus Reporter

NZME Costs

NZME Costs	H1 17 ¹	H1 16 Pro forma ²	% Change
People & Contributors	82.1	84.3	(3%)
Print & Distribution	34.4	36.5	(6%)
Agency Commission & Marketing	17.5	17.1	2%
Property	10.8	11.4	(6%)
Content	5.6	5.8	(3%)
IT & Communications	5.9	5.7	3%
Other	6.7	8.5	(22%)
Total	162.8	169.3	(4%)

(1) For H1 17 total costs agree to the expenses from operations before finance costs, depreciation, amortisation and exceptional items in note 2.3.2 of the consolidated interim financial statements for the six months ended 30 June 2017. (2) H1 16 Pro forma Costs is a non-GAAP measure that is explained and reconciled in the supplementary information on pages 32-34.

- People costs down 3% due to ongoing benefits of integration across the business.
- Print and distribution costs down 6% due to volume declines and initial savings from print plant technology improvements.
- Agency commission and marketing costs up 2% due to a higher proportion of agency revenue resulting in higher agency commissions.
- Property costs down 6% due to completion of regional office co-locations and reductions in radio transmission repairs and maintenance.
- Content costs down 3% due to reduced radio license fees in line with revenue decline, and a reduction in sports rights due to larger events being held in H1 16.
- Cost efficiency continues to be a focus in both the fixed and variable cost bases, with a number of initiatives underway in the second half.

NZME Balance Sheet

NZME Balance Sheet (\$m)	Jun 17	Dec 16	Jun 16
Cash and cash equivalents	8.4	16.2	13.8
Trade and other receivables	58.4	55.9	58.0
Trade and other payables	(59.8)	(66.4)	(55.4)
Current tax liabilities	(0.3)	(2.8)	(17.0)
Net Working Capital	6.7	2.9	(0.6)
Fixed, intangible and other assets	406.2	411.4	410.1
Interest bearing liabilities	(115.2)	(112.2)	(111.6)
Other liabilities	(15.9)	(16.6)	(19.4)
Net Assets	281.7	285.6	278.5
Trading EBITDA¹	15.2	16.1	16.8
Interest Cover Ratio	1.6	1.4	1.5
Net debt to Trading EBITDA¹	1.6	1.4	1.5

- Payment of historical tax liabilities was made on 26 August 2016, reflected in the reduction of current tax liabilities and other liabilities since last year.
- Net debt of \$106.8m has since reduced to \$102.9m at 31 July 2017, with an interest rate payable on gross debt of 3.6% p.a.
- Increase in net debt largely due to an increase in working capital and corresponding decrease in cash due to the timing of digital receipts and seasonality of payables, in line with June 2016.
- Undrawn bank facilities at 30 June 2017 totalled \$44.5m.
- Capital expenditure was \$6.8m in H1 17 and is expected to be maintained at similar levels to FY16 for the full year.

(1) Pro forma Trading EBITDA used to calculate ratios at Dec-16 and Jun-16 are non-GAAP measures that have been calculated to reflect the H1 2017 Trading result by excluding the impacts of the demerger, divestments and exceptional items, and including Pro forma standalone costs previously disclosed. Please refer to the Supplementary Information for an explanation of these adjustments.

***NZ Herald Chief
Photographer
Brett Phibbs,
Eden Park,
2017***





FY17 Focus

NZME Current Trading

- Headwinds evident in recent years in traditional advertising markets have continued in 2017, with no respite immediately evident.
- First half revenue was a little better than we expected due to major sporting events in the period: the America's Cup yachting and the British and Irish Lions rugby tour of New Zealand.
- Trading revenue for the first six weeks of H2 17 is down approximately 5% on the same period last year, highlighting a slower market overall.
- The rate of cost reduction is expected to ease and EBITDA will therefore likely be pressured in the near term.
- In addition to efforts to retain revenue in the existing business, NZME will pursue a range of growth initiatives with the intention of achieving revenue and EBITDA growth in the medium term.

Proposed NZME / Fairfax Merger Update

PROCESS UPDATE

- The New Zealand Commerce Commission declined to approve the merger on 3 May 2017.
- NZME and Fairfax subsequently announced on 26 May 2017 that they would file an appeal in the High Court against the Commission's decision.
- A nine day hearing has now been scheduled to begin on 16 October 2017.

RATIONALE FOR APPEAL

- NZME and Fairfax believe the Commission was wrong in fact and wrong in law to decline clearance or authorisation for the merger. There are two key grounds for appeal:
 - Firstly, we believe that the markets were defined too narrowly and the analysis of constraints was flawed.
 - Secondly, we believe that the Commission should not have taken into account unquantifiable plurality detriments. Even if they could, they have put too much weight on loss of media plurality as a detriment when weighed against the quantifiable net benefits of the transaction. The Commission estimated these net competitive benefits at between \$40 million and \$200 million over 5 years.
- In terms of cost, NZME is sharing the costs of the appeal with Fairfax. When weighed up against the potential benefits of the transaction, which were estimated to be between \$36.8 million and \$55.7 million per annum, NZME believes the appeal is in the best interests of NZME and its shareholders.

NZME FY17 Priorities

- 1. Grow audience reach** by leveraging Washington Post platform and tools to enhance audience analytics, content performance and advertising targeting
- 2. Continue to retain Print revenue** by further innovating the print proposition and leveraging integrated sales
- 3. Return Radio revenue to growth** by capitalising on improved ratings results and sales team transformation to deliver revenue
- 4. Grow new revenue streams** through digital classifieds verticals of property, employment and motoring
- 5. Effective cost and capital management** through operational enhancements across the business
- 6. Develop our people and retain our talent** through further improving engagement and continuing talent succession planning
- 7. Progress the Fairfax merger** subject to successful appeal and shareholder approval

A photograph of Peter Burling, a member of the Team New Zealand sailing team, celebrating with the America's Cup trophy. He is wearing a dark blue jacket with various sponsor logos including Toyota, Emirates, and Omega. He is holding the large, ornate silver trophy high above his head with both hands. The background shows other team members and a crowd of spectators.

Peter Burling – Team New Zealand
Helmsman, America's Cup 2017

Q&A

***ZM's Floating Music Festival,
Taupo 2017***





Supplementary Information

NZME H1 17 Reconciliation of Trading Result to Consolidated Interim Financial Statements

\$m	H1 17 Trading Result ¹	Exceptional Items ²	H1 17 Statutory Result
Trading Revenue ¹	189.1	-	189.1
Other Income	1.9	-	1.9
Costs	(162.8)	(2.6)	(165.5)
EBITDA	28.2	(2.6)	25.6
Depreciation and amortisation	(12.1)	-	(12.1)
EBIT	16.2	(2.6)	13.5
Net interest expense	(2.3)	-	(2.3)
NPBT	13.9	(2.6)	11.2
Tax ³	(4.0)	0.5	(3.5)
NPAT	9.9	(2.0)	7.8
Earning per share	5.0	(1.0)	4.0

(1) Trading Revenue of \$189.1 million agrees to Segment revenue from integrated media and entertainment activities in note 2.3.2 of the consolidated interim financial statements. Other income of \$1.9 million comprise of Revenue from shared service centre of \$1.5 million, Dividend income of \$0.1 million and Rental income from sub-leases of \$0.3 million as disclosed in note 2.3.2 of the consolidated interim financial statements. Costs of \$162.8 million agrees to Expenses from operations before finance costs, depreciation, amortisation and exceptional items in note 2.3.2 of the consolidated interim financial statements. (2) Exceptional items are explained on page 35. (3) Trading tax payable has been calculated utilising NZME's current effective tax rate on NPBT excluding exceptional items of 29%.

NZME H1 16 Reconciliation of Pro forma Result to Consolidated Interim Financial Statements

Other than the Trading NPAT calculated on page 31, the results used in this presentation for H1 17 are the same as those disclosed in note 2.3.2 - *Segment revenues and results* of the Consolidated Interim Financial Statements for the six months ended 30 June 2017. The Statutory Result for H1 16, including the segment note, as reported in the Consolidated Interim Financial Statements for the year ended 30 June 2017 was not reflective of the NZME business going forward, due to the impact of the demerger, tax payments, and the inclusion of the previous ownership interest in the Australian Radio Network. In order to show what the result would look like for NZME on a standalone basis, we have presented a number of unaudited non-GAAP measures which are further explained and reconciled to the unaudited GAAP figures in this supplementary information. This presentation should be read in conjunction with NZME's Consolidated Interim Financial Statements.

\$m	H1 16 Pro forma ¹	Divestments ¹	Ed Media ¹	Standalone Costs ¹	Other Items ²	H1 16 Financial Statements ³
Revenue	195.3	2.6	(1.2)	-	0.0	196.6
Other Income	2.0	0.0	-	-	(1.5)	0.4
Costs	(169.3)	(2.2)	0.8	4.3	0.2	(166.2)
EBITDA	27.9	0.3	(0.4)	4.3	(1.3)	30.8
Depreciation and amortisation						(12.2)
EBIT						18.6
Net interest expense						(6.6)
NPBT						12.0
Exceptionals ⁴						(14.7)
Tax						(61.5)
Profit from discontinued operations						125.1
Statutory NPAT						60.8

(1) The NZME Pro forma Result comprises Pro forma Revenue, Pro forma Other Income, Pro forma Costs, and Pro forma EBITDA which are non-GAAP measures. The NZME Pro forma Result for H1 16 shows NZME on a comparable basis for the half year by adjusting the Consolidated Interim Financial Statements by excluding earnings from businesses divested during in FY16 (Wairarapa Times Age and Whakatane News), including the Educational Media business, including Pro forma standalone costs previously disclosed, and excluding exceptional items (separately disclosed on page 35). (2) Other items include revenue and costs previously relating to other entities in the Group prior to the demerger which are included in the H1 17 result. They comprise of Other Income relating to income from the shared service centre of \$1.5 million (for H1 16 it is assumed that this is the same as revenue from shared service centre for H1 17 as disclosed in note 2.3.2 of the consolidated interim financial statements) and an adjustment for additional net expenses previously eliminate on consolidation. (3) Revenue of \$196.6 million agrees to Segment revenue from integrated media and entertainment activities, Other income of \$0.4 million comprises of Dividend income of \$0.1 million and Rental income from sub-leases of \$0.3 million, Costs of \$166.2 million agrees to Expenses from operations before finance costs, depreciation, amortisation and exceptional items, all as disclosed in note 2.3.2 of the consolidated interim financial statements. (4) Exceptional items are explained on page 35.

NZME H1 16 Reconciliation of Previously Reported Trading Result to Restated Pro forma Result

\$m	H1 16 Previously Reported Trading Result ¹	Pro forma Standalone Costs ¹	H1 16 Previously Reported Pro forma Result ¹	Divestments ²	Timing Adjustment for Standalone costs ³	Reclassified Items ⁴	H1 16 Restated Pro forma Result ¹
Trading Revenue ¹	197.8	-	197.8	(2.6)	-	-	195.3
Other Income	-	-	-	-	-	1.9	1.9
Costs	(165.3)	(3.7)	(169.0)	2.2	(0.6)	(1.9)	(169.3)
EBITDA	32.5	(3.7)	28.8	(0.3)	(0.6)	-	27.9
Depreciation and amortisation	(12.1)	-	(12.1)	-	-	-	(12.1)
EBIT	20.4	(3.7)	16.7	(0.3)	(0.6)	-	15.8
Net interest expense	(2.0)	-	(2.0)	-	-	-	(2.0)
NPBT	18.3	(3.7)	14.6	(0.3)	(0.6)	-	13.7
Tax ⁵	(5.3)	1.1	(4.2)	0.1	0.2	-	(4.0)
NPAT	13.0	(2.6)	10.4	(0.2)	(0.4)	-	9.8
Earning per share			5.3				5.0

(1) The figures presented in this table are on a Trading or Pro-forma basis, which are non-GAAP measures as reconciled and explained in this presentation. The NZME H1 16 Previously Reported Trading Result was adjusted for Pro forma standalone costs, as previously disclosed in the H1 2016 Results Presentation, to arrive at the NZME H1 16 Previously Reported Pro forma Result. (2) The NZME H1 16 Previously Reported Pro forma Result has been further adjusted to provide a like-for-like comparison with NZME as a business today, and the H1 17 Trading Result. Earnings from businesses divested during in FY16 (Wairarapa Times Age and Whakatane News), which are included in the Consolidated Interim Financial Statements for H1 16, have been removed. (3) A timing adjustment for standalone costs has been made based on our actual results in H2 16 and H1 17. (4) Items have been reclassified to reflect changes in revenue and cost recognition after the demerger from APN (now HT&E), and reclassification of dividend income and rental income from sub-leases to Other Income. Note: Exceptional items (separately disclosed on page 35) are excluded from both the Trading and Pro forma H1 16 Results shown above. (5) Tax payable has been calculated indicatively utilising NZME's current effective tax rate of 29%.

NZME H1 16 Reconciliation of Previously Reported Trading to Pro Forma Restated Costs

\$m	H1 16 Previously Reported Trading Costs ¹	Divestments ²	Standalone Costs ³	Acquired & Reclassified Items ⁴	H1 16 Restated Pro forma Costs ¹
People & Contributors	82.1	(0.8)	2.0	1.0	84.3
Print & Distribution	37.7	(1.2)	-	-	36.5
Agency Commission & Marketing	16.8	(0.0)	-	0.3	17.1
Property	11.1	(0.1)	-	0.3	11.4
Content	6.1	(0.0)	-	(0.3)	5.8
IT & Other Communications	5.4	(0.0)	-	0.3	5.7
Other	6.0	(0.1)	2.3	0.3	8.5
Total	165.3	(2.2)	4.3	1.9	169.3

(1) The figures presented in this table are on a Trading or Pro-forma basis, which are non-GAAP measures as reconciled and explained in this presentation. Based on the H1 17 Trading Result, we identified a number of adjustments to the H1 16 Previously Reported Trading Costs to ensure a better like-for-like comparison, as set out in this table as the H1 16 Pro forma Costs. (2) The previously reported NZME Costs for H1 16 have been adjusted for costs relating to businesses divested during in FY16 (Wairarapa Times Age and Whakatane News) which are included in the Consolidated Interim Financial Statements for H1 16. (3) The previously reported NZME Costs for H1 16 have been adjusted for Pro forma standalone costs previously disclosed and not incurred in H1 16, which are not included in the Consolidated Interim Financial Statements for H1 16. (4) The previously reported NZME Costs for H1 16 have been adjusted for items acquired as part of the demerger from APN (now HT&E) which include costs associated with back office services provided to APN (now HT&E), and reclassification of dividend income and rental income from sub-leases to Other Income. Note: Exceptional items (separately disclosed on page 35) are excluded from both the Previously Reported Trading and Pro forma H1 16 Costs shown above.

NZME Exceptional Items

NZME Related Exceptionals (\$m)	H1 17	H1 16
Redundancies	1.4	3.1
Costs in relation to one-off projects	1.2	0.8
Business and property divestments	-	(1.4)
Masthead royalty charges	-	12.2
NZME Related Exceptionals	2.6	14.7

- Redundancy costs relate to ongoing integration programs.
- One-off project costs relate to the proposed merger with Fairfax NZ, for which an appeal process against the NZ Commerce Commission is underway.
- Masthead royalty charges in H1 16 related to the transfer of mastheads as part of the demerger from APN (now HT&E).