### Annual Shareholders Meeting

NEW ZEALAND MEDIA AND ENTERTAINMENT

12 June 2019

## Find your voice.

The voice your customers love. The voice that suits your brand. The voice that sells.

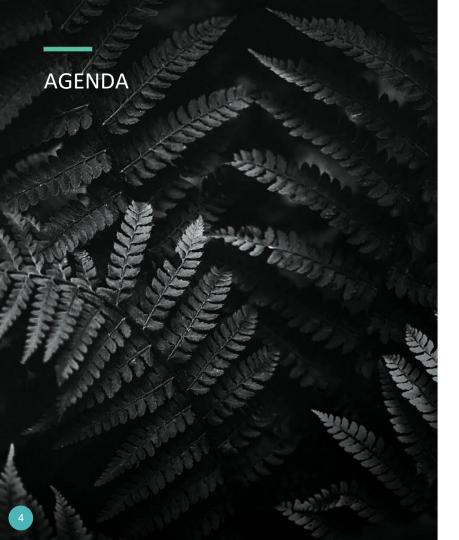




## WELCOME Peter Cullinane

INDEPENDENT CHAIR





 Chairperson's Address Chief Executive Officer's Address Ordinary Resolutions **1.** Election of Director **2.** Auditor's Remuneration Special Resolution 3. Amendment of Constitution General Business



#### NZME'S AUDIENCE REACH IS 3.3 MILLION<sup>1</sup> 80% OF NEW ZEALANDERS

#### PRINT

### 1.3 million

Weekly Readers<sup>1</sup>

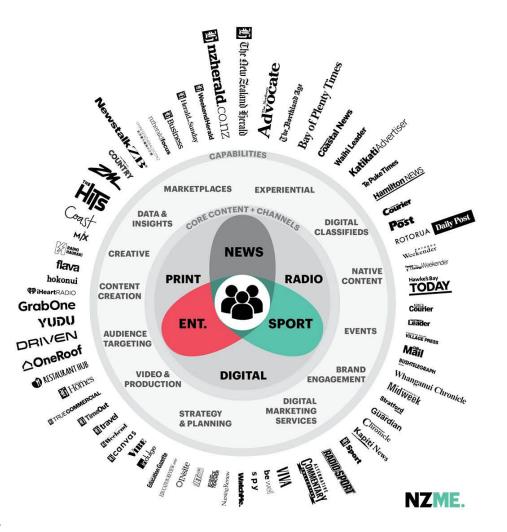
#### RADIO

2.0 million

Weekly Listeners<sup>2</sup>

# 2.5 million

per Month<sup>1</sup>



#### THE NZME BOARD



















#### THE NZME **EXECUTIVE TEAM**







Group Director, Entertainment

**Dean Buchanan** 







#### **Allison Whitney General Counsel & Company Secretary**



















#### **OUR PURPOSE**

# **KEEPING KIWIS** IN THE KNOW.

**New Zealand Media and Entertainment** is built on a legacy of award-winning journalism and broadcasting.

We deliver news, entertainment, and information to Kiwis every day.





### **Corporate Social Responsibility**

### Amplifying our ability to create positive change in our society

- Committed to a sustainable business focused on our People, our Environment and our Communities
- Materiality matrix of sustainability issues directly affecting NZME completed
- UN Sustainable Development Goals framework adopted to provide a measurement and reporting regime
- A CSR Framework and measurements will be reported for the 2020 financial year





### Capital Management

- Supports long term strategic objectives and operational priorities to maximise shareholder value.
- Reduce gearing, maintaining investment in our growth opportunities and continuing to pay dividend where trading and investment conditions permit.
- Consistent with the policy, the Board elected not to declare a final dividend with respect to the 2018 financial year.
- Target reduction in net debt of \$10-15 million per annum until such time as the leverage ratio is within our target range of 1.0 – 1.5 times rolling 12-month Trading EBITDA.
- Subject to achieving annual debt reduction targets, and having regard to NZME's capital requirements, operating performance, financial position and cash flow at the time, NZME intends to pay dividends of 30 – 50% of reported NPAT.





### Michael Boggs CHIEF EXECUTIVE OFFICER



#### NZME 2018 RESULTS SUMMARY



Statutory NPAT \$11.6m 2017 \$20.9m 44%

Trading EBITDA<sup>1</sup> \$54.7m 2017 \$66.2m ▼17%

Trading Earnings Per Share<sup>1</sup> 9.6cps 2017 \$13.6cps ▼ 29% Trading Revenue<sup>1</sup> \$378.4m 2017 \$387.7m ▼ 2%

Trading NPAT<sup>1</sup> \$18.9m

🔍 29%

**Final Dividend** 

nil

2018 total dividends 2 cents per share





#### **TRADING REVENUE**

\$211.6 m

-4% vs 2017

- FY2018
- Print advertising revenue \$114.2m (down 6% vs 2017)
- Circulation revenue \$81.5m (down 2% vs 2017)

### 

\$106.8 m

-3% vs 2017 **FY2018** 

- Maintained our share of radio advertising market revenue<sup>1</sup>
- Positive trends in radio advertising revenue in FY19

#### **TRADING REVENUE** \$60.0 m +6% vs 2017 **FY2018**

Long-term driver of growth



#### 2019 STRATEGIC PRIORITIES FOCUSED ON GROWTH

Leading the future of news and journalism in New Zealand



Your Premium nzherald.co.nz/premium





Increasing radio capability and performance



(past

flava

RADIO

SPORT

RADIO HAURAKI



Creating New Zealand's leading real estate platform

<u>The</u> new home of <u>real estate</u>

OneRoof.co.nz



hokonui

Illeart RADIO

M/X

Newstalk

ZB

#### **1 NEWS** LEADING THE FUTURE OF NEWS AND JOURNALISM IN NEW ZEALAND









vovage

Improved print subscriber retention

audience engagement

Increased premium

content and digital

FY19 Focus

New Zealand's

Launch digital

subscriptions

2019

first year

Enhancing print

subscriber value proposition

destination for trusted

premium news content

**Key success metrics** 

Paid content launch Q2

Targeting 10,000 digital subscribers within the

#### Results to date

Media Awards 2019

- NZ Herald Premium launched in April 2019
- 10,000 digital subscribers, of which over 35% have opted for an annual subscription
- 20% of existing 5+day print subscribers have activated their online access

#### NZ Herald – Best Daily Newspaper

"A number of excellent news breaks, and a quality production across all sections."

#### Viva – Best Magazine

"An intelligent and professionally put-together magazine section that has its readers in sharp focus and keeps them engaged and entertained ... its fresh design and digital platforms were a standout"





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#### 2 RADIO INCREASING RADIO CAPABILITY AND PERFORMANCE



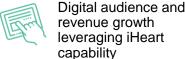
#### **FY19 Focus**

skills to support

integrated selling

Enhance radio sales







(1)

Successfully develop an engaged following for new shows

#### **Key success metrics**

Radio revenue in growth

Improved audience share in the key 18-54 demographic

Continue to grow iHeart registered users and streaming hours

#### **Results to date**

- Radio revenue in growth overall at the end of Q1
- Weekly audience of 2 million New Zealanders and increased market share across all markets<sup>1</sup>
- NewstalkZB remains the number one radio breakfast show in New Zealand<sup>2</sup>
- New shows on other channels are proving successful, including:
  - NewstalkZB afternoons
  - NewstalkZB Drive Show
  - The Hits with Laura, Sam & Toni
  - ZM with Bree & Clint
  - Coast with Bernie & Jason
- iHeart registered users ~870,000, up 15% YoY<sup>1</sup>
- iHeart streaming hours 3.5 million, up 6%  $YoY^2$

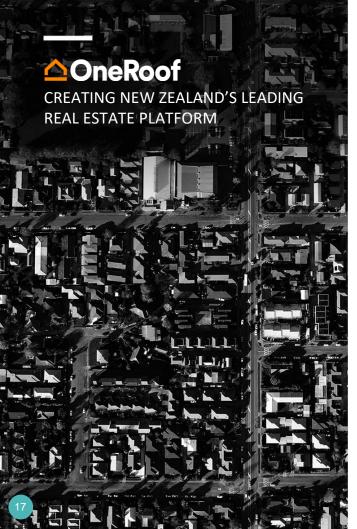


GfK Radio Audience Measurement, Commercial Stations, NZME and Partners. Cumulative Audience T1 2019

(2) GfK Radio Audience Measurement, Commercial Stations, M-F 6am-9am, Cumulative Audience T1 2019

(3) iHeartMedia; Adobe Analytics, April 2019

(4) AdsWhizz and StreamGuys, April 2019



#### **FY19 Focus**

new homes)

engagement

Secure further market

listings and launch new

property categories (e.g.

Continue to develop user features and tools to enhance listings

Lead property market

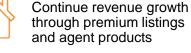
commentary and insights







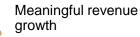




#### Key success metrics

Growth in listings as a % of market

Improved audience listings engagement



#### **Results to date**

- Celebrated one year of OneRoof in March 2019
- New Homes category launch scheduled for Q3
- Launched new user features:
  - Create and share Saved Property lists
  - Improved open home planner
  - o OneRoof Quarterly Property Report
- Reaching up to 348,000 unique browsers each week
- Revenue growth continues





### **Trading Update**

- The successful launch of NZ Herald premium digital subscriptions has exceeded our revenue expectations.
- OneRoof now has 70% of residential property listings with continued revenue growth momentum.
- Advertising bookings year to date are tracking 3% below last year but have declined at a slower rate than full year 2018, with radio revenue in growth.
- Declines in the Agency market continue, impacting digital revenues, however the market is now showing early signs of an improving trend compared to the same period last year.
- Our focus on cost reductions have continued with initiatives delivering improvement in the underlying cost base.
- The company is on target to reduce debt in line with our Capital Management Policy.







## RESOLUTIONS





## Resolutions

To consider and, if thought fit, to pass the following ordinary resolution:

#### **Resolution 1: Election of Director**

It is hereby resolved, as an ordinary resolution, that Sussan Turner, who joined the board after the last Annual Shareholders' Meeting, be elected as a Director of NZME.

Proxies & Postal votes received	For	Against	Discretionary	Abstain
Number of shares voted by proxy or postal vote	78,264,289	4,288	2,820,540	844,390





## Resolutions

To consider and, if thought fit, to pass the following ordinary resolution:

#### **Resolution 2: Auditor's remuneration**

It is hereby resolved, as an ordinary resolution, that the Directors of NZME are authorised to fix the auditor's remuneration.

Proxies & Postal votes received	For	Against	Discretionary	Abstain
Number of shares voted by proxy or postal vote	78,266,561	22,516	2,810,040	834,390





## Resolution 3

To consider and, if thought fit, to pass the following special resolution:

#### **Resolution 3: Amendment of Constitution**

To amend NZME's constitution in the form and manner described in the explanatory notes, with effect from the close of the Annual Shareholders' Meeting.

Proxies & Postal votes received	For	Against	Discretionary	Abstain
Number of shares voted by proxy or postal vote	77,960,057	26,239	2,820,040	1,127,171





## GENERAL BUSINESS



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