

MEDIA RELEASE

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NZME reports stable earnings, interim dividend confirmed

NZME Limited half year results for the six months ended 30 June 2016

NZME Limited (NZME) today reports stable earnings from its integrated media and entertainment business including Print, Radio and Experiential, and Digital and E-commerce channels.

H1 2016 highlights:

- Statutory NPAT of \$60.8 million compared to \$21.9 million in H1 2015, impacted by tax and gain on sale of NZME's interest in the Australian Radio business
- Trading EBITDA of \$32.5 million, slightly ahead of \$32.4 million in H1 2015; cost savings of 9.4%
- Stable earnings from Pro forma NPAT of \$10.4 million, 3.5 cents per share unimputed interim dividend declared
- Historical tax disputes with IRD fully settled in August 2016

NZME Chairman Sir John Anderson said "NZME have delivered stable results in a challenging advertising market as well as listing on the NZX Main Board and ASX and completing the demerger from APN News & Media,

"Two years ago NZME began the transformation of three businesses into one leading NZ media company. Today, CEO Michael Boggs and the Executive team are fostering a culture of continuous innovation and are well placed to deliver on the clear strategic imperatives for the business."

In H1 2016 Trading EBITDA grew 0.5% compared to H1 2015 despite revenue headwinds, as a result of the ongoing cost benefits of transformation.

NZME's overall audience reach across its news, sport and entertainment brands has increased by 5.0% year on year to 3.2 million¹. Growth in audience has resulted from both new product launches and brand redesigns, focussed on audience targeting and engagement.

On 23 June 2016 NZME reached a binding heads of agreement with IRD in relation to historical tax matters. This settlement closes off all current areas of dispute between IRD and NZME. The cash component of this settlement is \$17.0 million (being NZME's share of the \$33.9m total), settled in August 2016.

NZME Chief Executive Michael Boggs said the company has invested in new initiatives to deliver on its strategic imperatives of growing audience engagement, optimising integration opportunities, and diversifying revenue.

¹ Source: Nielsen CMI, fused database: Last twelve months Q2 14 – Q1 16 (most recent release) (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.

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"Our focus has enabled us to invest in emerging areas to drive new revenue streams. New e-Commerce initiatives include *driven.co.nz*, a user generated classifieds and auto listing site on the Driven Digital platform launched in H1 2016, which now has over 27,000 listings. NZME developed a joint venture to launch an online restaurant booking and table management platform *RestaurantHub.co.nz*. NZME has also developed a joint venture with *Chinese Herald* for a Chinese language version of *nzherald.co.nz*. And our investment in short form video content will continue."

As noted in the combined NZME and Fairfax Media Limited announcement dated 22 August 2016, Fairfax New Zealand Limited ("Fairfax") and NZME have received, and agreed to, a request from the New Zealand Commerce Commission ("NZCC") to extend the date for the NZCC's decision on the proposed merger of the two businesses until 15 March 2017. The extension is part of the NZCC's usual process and allows for the steps set out in the NZCC Authorisation Guidelines to be completed in a timely way.

Outlook for H2 2016

Against a sector backdrop of revenue pressures, NZME will continue to see the benefit of developments that have taken place already to grow audiences and revenue and will maintain a strong focus on costs and improving value to shareholders.

NZME's strong performance has enabled an unimputed interim dividend of 3.5 cents per share to be scheduled for payment on Friday 28 October 2016 to those shareholders on the register on Friday 14 October 2016.

"NZME is a standalone preeminent integrated media and entertainment business in New Zealand and operates some of the country's most recognisable publishing, radio and digital brands. Combined with the potential merger with Fairfax NZ, the future for NZME is exciting," Mr Boggs said.

All H1 16 results materials can be found at:

<https://www.nzx.com/markets/NZSX/securities/NZM/announcements>

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About NZME

New Zealand Media and Entertainment (NZME Limited) has unified through bringing its Print, Radio, and Digital assets under one overarching banner. NZME is one of New Zealand's leading media and entertainment businesses with its brands connecting with 3.2 million kiwis². Whether reading, listening, watching or engaging with NZME brands, they can get the content they want - where and when they want it. NZME is listed on the NZX Main Board with a foreign exempt listing on the ASX.

www.nzme.co.nz

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