



## MARKET ANNOUNCEMENT

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### FULLY UNDERWRITTEN \$180 MILLION ENTITLEMENT OFFER

#### Overview

**Sydney, 11 May, 2016** – APN News & Media Limited [ASX, NZX: APN] (**APN**) today announced that it will raise approximately \$180 million through a fully underwritten 1 for 3 accelerated renounceable entitlement offer with retail entitlements trading (**Entitlement Offer**).

APN has also today announced a proposed demerger of its New Zealand business, NZME. Under the proposed demerger, shares in NZME will be distributed to APN shareholders and NZME will be listed on the NZX (primary listing) with a secondary listing on the Australian Securities Exchange (**ASX**) (the **Demerger**). The Demerger is conditional upon, amongst other things, the approval of APN shareholders at general meeting. APN is also proposing to undertake a 1 for 7 share consolidation (**Share Consolidation**). Refer to APN's announcement entitled "Proposed Demerger of NZME" and the Investor Presentation lodged with the ASX and NZX today for further details on the Demerger and Share Consolidation.

In addition, and independently of the Demerger, APN and Fairfax Media Limited (**Fairfax**) have separately announced entry into exclusive discussions regarding the potential merger of their respective New Zealand businesses. Refer to the joint APN and Fairfax announcement entitled "Fairfax and APN in exclusive discussions to explore the merger of their New Zealand businesses" lodged with the ASX and NZX today for further details.

The proceeds from the Entitlement Offer will be used to repay a portion of APN's corporate debt and, if the Demerger proceeds, to facilitate the establishment of appropriate capital structures for APN and NZME.

Following the conclusion of the Entitlement Offer and Demerger, APN expects to have pro forma net debt to FY15 EBITDA of 2.0x<sup>1</sup> (1.8x on a proportional basis)<sup>2</sup>. Post Demerger,

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<sup>1</sup> Based on pro forma earnings before interest, tax, depreciation and amortisation (**EBITDA**) of \$98.8 million in FY15 and pro forma net debt of \$193.2 million (before capitalised borrowing costs of \$2.6 million). Pro forma EBITDA is before exceptional items. Refer to the Investor Presentation lodged with the ASX and NZX today for further details.

<sup>2</sup> Based on APN's proportional share of net debt and EBITDA of its associate investment in Adshel. On a proportional basis, pro forma net debt is \$196.9 million at 31 December 2015 and proportional pro forma FY15 EBITDA is \$108.7 million.



NZME will have pro forma FY15 net debt to EBITDA of 1.5x<sup>3</sup>. Refer to the Investor Presentation lodged with the ASX and NZX today for further details on the Entitlement Offer.

### **Details of the Entitlement Offer**

The Entitlement Offer is a fully underwritten 1 for 3 pro rata accelerated renounceable entitlement offer with retail entitlements trading to raise approximately \$180 million at an offer price of \$0.53 per new share (**Offer Price**).

The Offer Price represents a 12.4% discount to the theoretical ex-rights price of \$0.605<sup>4</sup>.

Under the Entitlement Offer, eligible shareholders will be able to purchase 1 new APN share (**New Shares**) for every 3 existing ordinary shares (**Entitlement**) held on the record date of 7:00pm (Sydney time) on Friday, 13 May 2016 (**Record Date**).

New Shares will be fully paid and rank equally with existing ordinary shares from their time of issue. New Shares will be issued prior to the record date for determining eligibility to vote on the Demerger.

The Entitlement Offer comprises an accelerated institutional entitlement offer (**Institutional Entitlement Offer**) and a retail entitlement offer that includes the ability for eligible retail shareholders to trade their Entitlements on ASX (**Retail Entitlement Offer**).

The Entitlement Offer is fully underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch (**Underwriters**), who are acting as joint lead managers, bookrunners and underwriters to the Entitlement Offer.

### **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place from Wednesday, 11 May 2016 to Thursday, 12 May 2016.

Eligible institutional shareholders can choose to take up their Entitlement in whole, in part or not at all. Institutional Entitlements cannot be sold on ASX or NZX. As the Entitlement Offer is renounceable, Entitlements not taken up by eligible institutional shareholders by

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<sup>3</sup> Based on NZME post Demerger pro forma EBITDA of NZ\$67.5 million in FY15 and pro forma net debt of NZ\$102.2 million (before capitalised borrowing costs of NZ\$0.4 million). Pro forma EBITDA is before exceptional items. Refer to the Investor Presentation lodged with the ASX and NZX today for further details.

<sup>4</sup> The theoretical ex-rights price (**TERP**) is the theoretical price at which APN shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which APN shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to APN's closing price of \$0.63 on 6 May 2016, being the last trading day prior to announcement of the Entitlement Offer.

the close of the Institutional Entitlement Offer, and Entitlements of ineligible institutional shareholders, will be offered for sale through an institutional shortfall bookbuild to be conducted on Thursday, 12 May 2016 (**Institutional Shortfall Bookbuild**). Any proceeds from the sale of institutional Entitlements under the Institutional Shortfall Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those institutional shareholders.

APN shares have been placed in trading halt while the Institutional Entitlement Offer and Institutional Shortfall Bookbuild are undertaken.

### **Retail Entitlement Offer**

Eligible retail shareholders with a registered address in Australia, New Zealand or Ireland on the Record Date will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 18 May 2016 and close at 5.00pm on Friday, 27 May 2016. Eligible retail shareholders will have the opportunity to participate at the same offer price and offer ratio as the Institutional Entitlement Offer.

Eligible retail shareholders will be allotted Entitlements (**Retail Entitlements**) which can be traded on ASX. Retail Entitlements will not be tradeable on NZX. If eligible retail shareholders do not wish to take up all or part of their Retail Entitlements they can seek to sell all or part of their Retail Entitlements on the ASX or by transferring them directly to another person to realise value for those Retail Entitlements ahead of the Retail Shortfall Bookbuild (referred to below). Retail Entitlements can be traded on the ASX from Friday, 13 May 2016 to Friday, 20 May 2016.

Entitlements not taken up by the close of the Retail Entitlement Offer, and Entitlements of ineligible retail shareholders, will be offered for sale through a retail shortfall bookbuild to be conducted on Wednesday, 1 June 2016 (**Retail Shortfall Bookbuild**). Any proceeds from the sale of Retail Entitlements under the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Entitlements may only be exercised by eligible shareholders, being persons who have a registered address in Australia, New Zealand or Ireland, and certain categories of institutional investors in Hong Kong, Singapore, United Kingdom, Switzerland, Norway, France, Italy, Ireland and Germany. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on ASX, or take up or exercise Entitlements purchased on ASX or transferred from another person.



It is the responsibility of purchasers of Retail Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Retail Entitlements after the trading period ends do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements. In the event that holders are not able to take up their Retail Entitlements, those Retail Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

Eligible retail shareholders are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. APN expects to lodge the Retail Offer Booklet with the ASX and NZX and dispatch the Retail Offer Booklet and personalised entitlement and acceptance forms to eligible retail shareholders on or about Wednesday, 18 May 2016. The Retail Offer Booklet will be made available on APN's website ([www.apn.com.au](http://www.apn.com.au)).

### **Shareholder Enquiries**

Retail shareholders who have questions relating to the Entitlement Offer should speak with their broker or adviser and/or call the APN Shareholder Information Line on:

- 1300 365 969 (from within Australia);
- 0800 729 276 (from within New Zealand);or
- +61 1300 365 969 (from outside Australia and New Zealand),

between 8.30am to 5.30pm (Sydney time) Monday to Friday from Wednesday, 11 May 2016 to Thursday, 9 June 2016 (inclusive).



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## Entitlement Offer Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Demerger and Entitlement Offer Trading halt commences Institutional Entitlement Offer opens	Wednesday, 11 May 2016
Institutional Entitlement Offer closes Institutional Shortfall Bookbuild	Thursday, 12 May 2016
Trading halt lifted Retail Entitlements commence trading on ASX (on deferred settlement basis) Record Date for the Entitlement Offer (7.00pm Sydney time)	Friday, 13 May 2016
Retail Entitlement Offer opens Retail Offer Booklet despatched	Wednesday, 18 May 2016
Retail Entitlements allotted Settlement of the Institutional Entitlement Offer	Thursday, 19 May 2016
Retail Entitlements commence trading on ASX on a normal settlement basis Retail Entitlements trading ends on ASX Issue and quotation of New Shares under the Institutional Entitlement Offer	Friday, 20 May 2016
Retail Entitlement Offer closes (5.00pm Sydney time)	Friday, 27 May 2016
Retail Shortfall Bookbuild	Wednesday, 1 June 2016
Settlement of the Retail Entitlement Offer	Monday, 6 June 2016
New Shares issued under the Retail Entitlement Offer	Tuesday, 7 June 2016
New Shares issued under the Retail Entitlement Offer commence trading on ASX and NZX on a normal settlement basis	Wednesday, 8 June 2016
Dispatch of holding statements for New Shares under the Retail Entitlement Offer	Wednesday, 8 June 2016

The timetable above is indicative only and may be subject to change. APN reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, APN reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice.



## **Further Information**

APN is being advised by Grant Samuel and Baker & McKenzie.

Further details about the Demerger and Entitlement Offer are contained in a separate ASX announcement and investor presentation (**Investor Presentation**), and Explanatory Memorandum and Notice of Meeting lodged with the ASX and NZX today.

### **For further information:**

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## **Not for distribution or release in the United States**

This announcement is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)). The announcement is not and should not be considered an offer or an invitation to acquire Entitlements or New Shares or any other financial products.

This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements or the New Shares may not be granted to, taken up by, or offered or sold to, directly or indirectly, any person in the United States, or any person acting for the account or benefit of a person in the United States, except pursuant to a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable state securities laws. The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **Forward looking statements**

This announcement contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of APN, the outcome and effects of the Entitlement Offer and the use of proceeds, or the Demerger. The forward looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of APN, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" section of the Investor Presentation for a summary of certain general and APN specific risk factors that may affect APN or an investment in APN.

There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in the Investor Presentation. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to APN as at the date of this announcement.

Except as required by law or regulation (including the ASX Listing Rules), APN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.