



NEWS & MEDIA

**APN News & Media Limited Annual General Meeting
SYDNEY, 6 May 2015**

Chief Executive Officer's Address to Shareholders

Good morning and welcome to APN's Annual General Meeting.

A thank you to you, our shareholders, for your support over the past 12 months and the encouragement you have given the Company to execute on our strategies. Your endorsement of the changes we have made means that we can truly share in the success of APN.

I would particularly like to thank the executives and the leadership team. Your commitment, innovation and determination has been outstanding; and I am very proud of what you have each achieved, and particularly on how we have achieved it.

APN Highlights

Speaking of successes, there are a number I would like to highlight. You can find a variation of this slide on page two of the APN Annual Report.

During 2014, Adshel experienced its fifth consecutive year of growth.

ARN, or Australian Radio Network, saw 18 per cent year on year growth. Following the acquisition of 96FM, ARN now has the largest audience of any Australian metropolitan radio network.

iHeartRadio's registered user base in Australia and New Zealand has more than doubled.

APN's combined New Zealand businesses provide advertisers with access to the country's #1 newspaper, #1 radio station and leading deals site.

Australian Regional Media, or ARM, now reaches more people than at any time in its history.

Lastly, our outdoor business in Hong Kong increased its overall year on year revenue by six per cent.

2014 Financial Update

Looking quickly at the Company's 2014 Financial Results, these continue the Company's positive momentum from 2013 and reflect strong market performances in what have been increasingly competitive conditions.

As you would have seen from APN's Annual Report, net profit after tax and before exceptional items grew 25 per cent to \$74.7 million, while EBITDA grew one per cent to \$164.1 million.

In today's growing digital marketplace, it was also pleasing to see our digital revenues increase 11 per cent year on year.

Through a strong investment focus on our radio and outdoor businesses, APN now has just over 60 per cent of its proportionate earnings in growth media compared to 44 per cent 12 months ago.

This planned transition has reduced Publishing's proportionate share of earnings to now below 40 per cent.

APN's strategy

While we have made progress in evolving APN, there are still a lot of opportunities for us to grow.

The greatest assets APN has are its brands and people. They are central to every initiative we undertake.

APN's strategy focuses on four key areas:

- **We grow audience engagement** by responding to the changing needs of our audiences through great journalism, talent, innovation and creativity and package this relationship for business partners;
- **We invest for growth** in initiatives and ventures that enable us to increase share and outperform the markets in which we operate;
- **We optimise integration** to generate revenue growth, cost synergies and operational benefits; and
- **We diversify our revenues** by leveraging our audiences and commercial capabilities to create new opportunities in growing segments and media markets.

I would now like to take this opportunity to provide you with more detail on the progress each of our businesses is making, and how and where we see the opportunities for further growth.

ARN - 2014 Standout Performer

The first division I will take you through today will be the Australian Radio Network.

In 2014, ARN was, without question, the standout performer in the Australian media industry.

This was driven by great management and an investment in talent and promotions in the key Sydney radio market, along with ongoing success in Adelaide and Brisbane.

ARN's Pure Gold finished last year as the number one radio station in Sydney with its breakfast team of Jonesy and Amanda finishing second in the breakfast slot. In addition, the Sydney Mix station rebranded to KIIS which also saw popular radio presenters Kyle and Jackie O join the station at breakfast. This strategy has paid off with KIIS finishing number one in the commercially important breakfast period, and number two across the whole day.

In Adelaide, ARN continued to perform strongly and remained number one through its Mix 102.3 station. While in Brisbane, 97.3 finished number one in the market for seven out of eight radio surveys before reclaiming its leadership position at the start of this year.

The growth in audience of ARN's stations subsequently translated to increased revenue.

While the Australian metropolitan radio market grew three per cent in 2014, ARN revenues grew by 18 per cent. Second half revenues were up 28 per cent compared to only five per cent growth across the metropolitan radio market.

Following its success in Sydney and its number one positions in Adelaide and Brisbane, ARN is now focused on improving its performance in the competitive Melbourne radio market and the national drive slot.

This year, ARN's Melbourne Mix station rebranded to KIIS and signed the proven talent of Matt Tilley to join existing co-host Jane Hall as breakfast presenters for its station.

In addition, the highly successful radio team of Dave Hughes and Kate Langbroek have joined the network as hosts of KIIS's national drive program.

At the end of 2014, APN announced the acquisition of 96FM in Perth, completing ARN's national footprint. 96FM is being integrated into the KIIS network, creating a complete and consistent offering for national advertisers to reach the biggest audience of any metropolitan network.

iHeartRadio

In 2015, we are investing more resources into iHeartRadio. The commercial opportunities iHeartRadio provides advertisers include rich brand integration, custom radio station creation, on-air talent engagement and participation in iconic events.

With almost 1.2 million downloads of the app and over 800,000 registered users to engage with, iHeartRadio is an important component of the advertiser proposition for APN's radio business.

The potential for OOH in Asia is strong

Over the past six months, we have spoken about our desire to explore outdoor advertising opportunities in Asia, utilising our experienced team in Hong Kong.

While we have recently been advised that our tender for the New World First Bus body contract, which operated through our Hong Kong business Buspak, has not been successful, we are currently re-sizing the business and do not see this having a material impact on APN's group results for 2015.

We are currently focused on growing our Hong Kong business, through the successful Cody billboard operation.

The collective South East Asian, Hong Kong and Chinese outdoor advertising market has grown 24 per cent over the last four years and is forecast to grow nearly 50 per cent over the coming four years.

Through our over 15 years experience in the Asian out-of-home market through Cody and Buspak, APN is well placed to expand its operations across the region.

Australian OOH and Adshel

Moving on to the Australian out-of-home industry, over the last five years, we have seen the market experience rapid growth in advertising revenues. In 2014, the Australian outdoor advertising industry was worth \$602 million.

The Roadside advertising category, the category our Adshel bus and tram shelters operate in, experienced a 10 per cent growth over the past two years.

Adshel will continue to expand its digital capabilities in 2015.

A strong benefit of its street side infrastructure is the interactivity and consumer engagement Adshel can offer advertisers. This includes enhancing the consumer connection with advertisers through initiatives like augmented reality and QR code scanning.

Adshel's launch of its national beacons program is another example of our leadership in innovation.

ARM

Moving onto APN's regional publishing media company, at an audience level, as I've previously stated, ARM now has a bigger audience than at any time in its history, experiencing a 15.8 per cent growth in audiences. This was driven by an increase in both its digital audiences and growth in its weekly print readership by almost one million over the past two years.

Digital audience growth was strongest on mobile where growth was 207 per cent year on year with solid increases also recorded across social and online desktop audiences. The result of this saw digital revenues for ARM increase 39 per cent in 2014.

In September last year, ARM re-positioned its advertiser proposition to better explain its media agency offering.

The new local-to-local positioning clearly reflects what ARM can deliver to national advertisers across platforms – mass localisation alongside trusted, engaging and community content.

March industry data showed that ARM grew its national advertising revenues by 5.3 per cent in the first quarter of 2015 compared to the first quarter of last year, in a newspaper market that fell 14.1 per cent.

NZME's integration process is on track

Finally, I will now give you an update on APN's New Zealand business.

In September last year we merged three business, APN New Zealand Publishing, The Radio Network and GrabOne, into one combined entity – NZME.

Each month, the combined NZME businesses engage 3.2 million New Zealanders and account for 14 per cent of New Zealand's total advertising spend per annum.

As part of the integration, NZME launched a new advertising proposition based on categories across the three businesses, these being News, Sport and Entertainment. These content categories are distributed by our radio, print and digital platforms.

As part of the integration, we have also strengthened the commercial offering of our e-commerce, events, activations and creative solutions capabilities.

The launch of the combined entity has brought together some of New Zealand's most popular brands including The New Zealand Herald, Newstalk ZB, GrabOne and The Hits.

NZME's content is accessible across multiple platforms including mobile, tablet, web, radio, newspapers, events and activations.

This is an unrivalled offering in New Zealand.

The plan to co-locate the three businesses in November this year is on track to deliver more synergies and increase sales collaboration.

NZME has also been successful in actively investing in new revenue areas.

In February this year, the business launched NZME Events, and NZME Experiential. New initiative and digital revenue is on track to meet its target.

Finally, as part of the integration process, we remain focused on revenue growth and cost efficiencies.

I have already talked to a number of revenue strategies and reaffirm our goal to achieve cost savings of \$15m in the medium term.

Trading Update

In terms of trading, the positive start to 2015 that we reported at the time of our 2014 full year results has continued.

- Group revenues year to date are six per cent ahead of prior year. This includes the additional revenues from the acquisition of Perth's 96FM that completed in late January.
- Advertising market conditions have softened in April, and comparatives were improving this time last year. We remain focused on share growth in all our markets.
- Costs have increased, primarily due to revenue growth in ARN, the acquisition of 96FM, and NZME's integration.
- Group EBITDA is tracking ahead of last year.
- NPAT is therefore consistent with prior year, with interest savings from last year's refinancing being offset by increased depreciation and amortisation following 2014 investments, and a higher effective tax rate.

Conclusion

While APN has had a successful 2014, I believe the Company is well positioned for further growth.

APN's journey has just begun and I am encouraged by the progress we are making; we still have a lot to do and along with the continued encouragement and guidance of the Board, I believe we are heading in the right direction.

The media industry is a competitive and challenging one, and we are committed to keep evolving, keep innovating and keep delivering.

Thank you for your time today.

Ends.

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