



# 2007 Interim Results

August 14, 2007

Chief Executive Brendan Hopkins  
Chief Financial Officer Peter Myers

# 2007 Interim Result Highlights

---

- 5% increase in Net Profit After Tax to a record \$73.2m pre NRI
- Significant investment in online products and JVs
- Transition to a new business model for APN
- Buoyant Qld market continues to benefit Australian Publishing
- Solid result for NZ National Publishing in tight local conditions
- Online annualised revenues of \$25m
- Satisfactory Radio result
- Outdoor profit up 33%
- Strong cost focus - 2% increase
- Interim dividend up 8% to 10.5 cents per share

# 2007 Interim Result (pre-NRI)

AUD million	H1 07	H1 06	Growth
<b>Revenue and other income*</b>	<b>633.7</b>	620.6	<b>+2%</b>
<b>EBITDA**</b>	<b>160.4</b>	155.9	<b>+3%</b>
<b>EBIT**</b>	<b>142.4</b>	138.9	<b>+3%</b>
<b>Profit before tax</b>	<b>111.7</b>	107.7	<b>+4%</b>
<b>Net profit</b>	<b>73.2</b>	70.0	<b>+5%</b>
<i>Earnings per share</i>	<i>15.4c</i>	<i>14.8c</i>	<i>+4%</i>

\* Excludes finance income and businesses disposed/closed in prior year

\*\* Excludes businesses disposed/closed in prior year (EBIT \$1.4m, EBITDA \$2.5m)

# A new business model

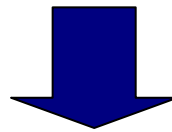
---

- APN is fundamentally redefining its business model:
  - How we interact with our clients
  - How we manage and direct our sales resources
  - How we increase our share of advertising revenue and broaden our client base
- Focus is on improved client service, revenue growth, yields, scale efficiencies and product enhancement

# Major project initiatives

---

1. Customer Contact Centres – Brisbane & Tauranga
2. Advertising Services Bureau – Brisbane
3. Press centre upgrades – Qld, NSW and NZ
4. Financial Shared Services Centre – Whangarei, NZ
5. Centralised page production – Eilerslie, NZ
6. Unified trans-Tasman Outdoor advertising system



**3 year investment of \$135 million largely completed by year-end\***

\* Includes capital expenditure, redundancies and other non-recurring items

# Brisbane Customer Contact Centre



- Purpose-built centre to broaden advertising sales
- Outbound sales focus on increased penetration of existing markets and growing the client base
- Consistent sales standards applied across the group
- Greater flexibility to execute targeted sales campaigns

**A NEW BUSINESS MODEL**

# Brisbane Customer Contact Centre

- Rollout schedule:
  - July 2: live with 34 publications, including 4 daily newspapers
  - September: 40 titles from Toowoomba region
  - March 08: total 140+ titles on-line
- By using a common platform across the group, future enhancements can be rolled out quickly
- International best practice to deliver ongoing benefits for advertisers



**A NEW BUSINESS MODEL**

# NZ Customer Contact Centre



- Outbound sales focus
- Common system for all NZ publications
- Standardisation, management controls, sales disciplines

**A NEW BUSINESS MODEL**

For personal use only



# Brisbane advertising services bureau



- Centralised and standardised approach to pre-press ad make-up
- Every site to benefit from 'best of breed' design
- Template approach improves turnaround and options for advertisers
- Communications advances enable all sites to take advantage of bureau system

**A NEW BUSINESS MODEL**

# Press Centre Upgrades

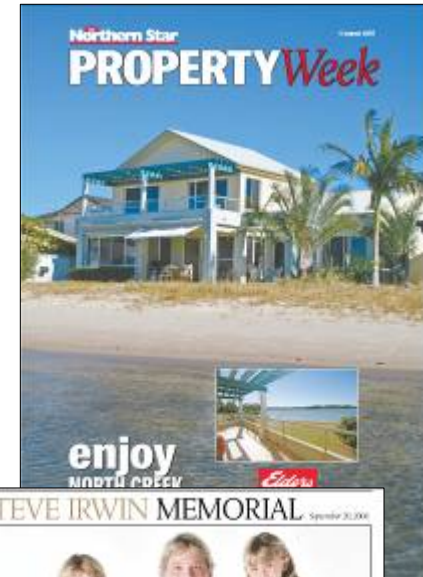
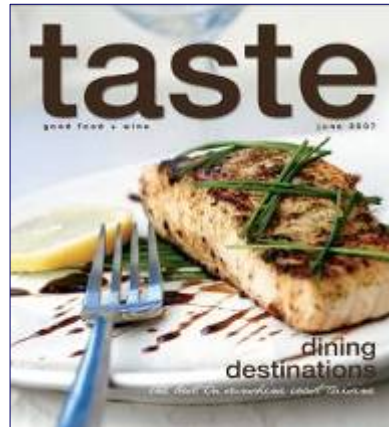


- Yandina now printing 3.8 million tabloid pages per week
- Bundaberg publishing short run specialist products
- Planning well advanced on new press centres for Rockhampton, Toowoomba and Ballina
- Mackay and NZ colour upgrades on track

**A NEW BUSINESS MODEL**

# Enhanced gloss capability

For personal use only



A NEW BUSINESS MODEL

# Trans-Tasman Finance Centre

---

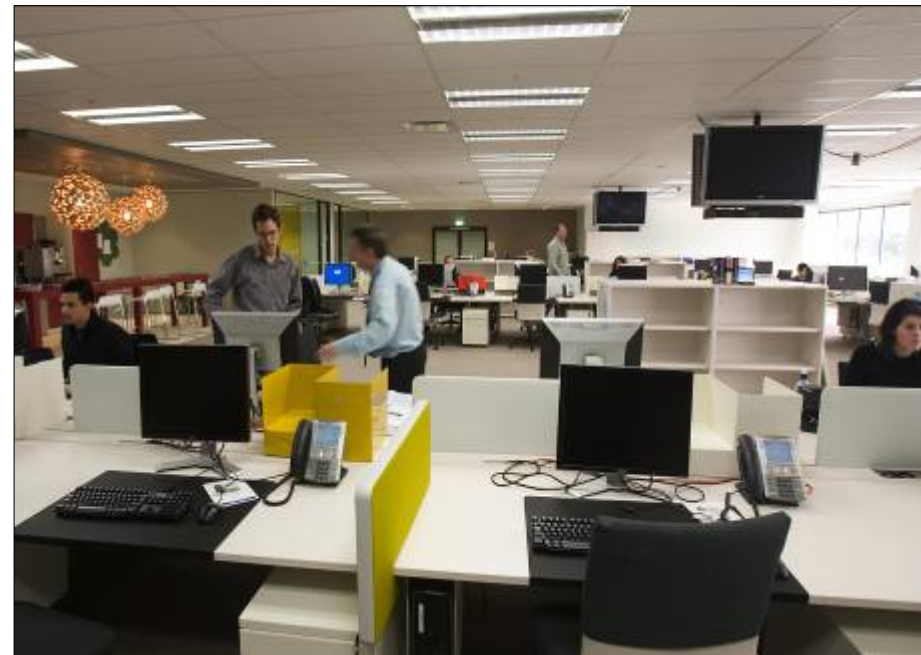
For personal use only



- Single trans-Tasman facility
- Streamlined approach to all aspects of Group financial administration
- Accounts receivable, payroll, payables, cash management and general ledger all improved service and efficiency
- Fully operational October 2007

**A NEW BUSINESS MODEL**

# NZ centralised page production



- Outsource majority of sub-editing and design for:
  - NZ Herald
  - Herald on Sunday/ Aucklander
  - Regional dailies
- Improved work flows and page sharing across New Zealand

**A NEW BUSINESS MODEL**

# Outdoor ad & inventory management



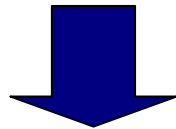
- Roll-out – NZ 2007, Australia 2008
- Provides more flexible inventory management, improved internal and external communications and consistent reporting data

**A NEW BUSINESS MODEL**

# A new business model

---

- Streamlined customer management
- World leading production systems
- Improved management controls
- Enhanced product improvement capability
- Early gains achieved with second half benefits to follow
- Acceleration in benefits to flow in 2008/09



**Foundation laid for sustained profitable growth**

**A NEW BUSINESS MODEL**

# Divisional Performance – H1 (pre-NRI)

	Revenue			EBIT		
AUD million	H1 07	H1 06	Growth	H1 07	H1 06	Growth
Publishing	<b>379.6</b>	361.7	5%	<b>107.7</b>	104.9	3%
- <i>Regional Publishing</i>	<b>212.1</b>	197.8	7%	<b>59.5</b>	56.9	5%
- <i>NZ National Publishing</i>	<b>167.5</b>	163.9	2%	<b>48.2</b>	48.0	1%
Radio	<b>125.2</b>	125.8	0%	<b>36.5</b>	35.9	2%
Outdoor	<b>116.3</b>	116.4	0%	<b>9.2</b>	6.9	33%
Corporate & Other	<b>4.4</b>	7.2	(39%)	<b>(4.8)</b>	(5.1)	(7%)
<b>TOTAL</b> pre NPI	<b>625.5</b>	611.1	2%	<b>148.6</b>	142.6	4%
New Product Initiatives	<b>8.2</b>	9.5	(14%)	<b>(6.2)</b>	(3.7)	
- <i>Online</i>	<b>5.1</b>	5.7	(10%)	<b>(4.9)</b>	(1.8)	
- <i>Other</i>	<b>3.1</b>	3.8	(19%)	<b>(1.3)</b>	(1.9)	
<b>TOTAL</b>	<b>633.7</b>	620.6	2%	<b>142.4</b>	138.9	3%
<i>Businesses disposed/closed</i>	<i>0.0</i>	<i>19.3</i>		<i>0.0</i>	<i>1.4</i>	
<i>As reported</i>	<i>633.7</i>	<i>639.9</i>		<i>142.4</i>	<i>140.3</i>	



# Regional Publishing

## Australia

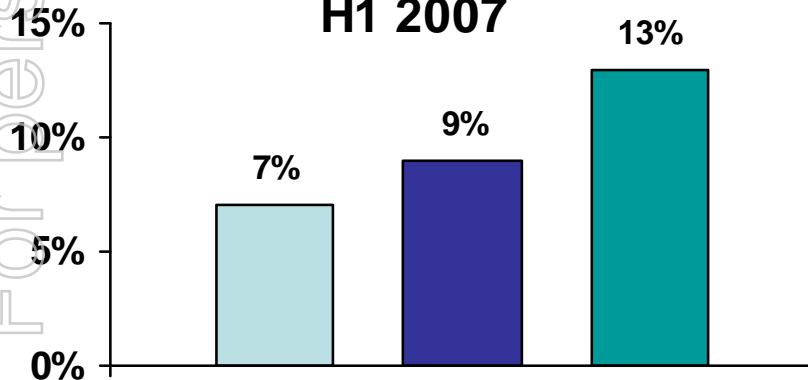
- Period of repositioning for growth through business transformation
- New gloss products well received by market
- Strong growth in national advertising

## New Zealand

- Property gloss products underpin growth in local markets
- Contact centre builds outbound sales

### Ad revenue growth

H1 2007

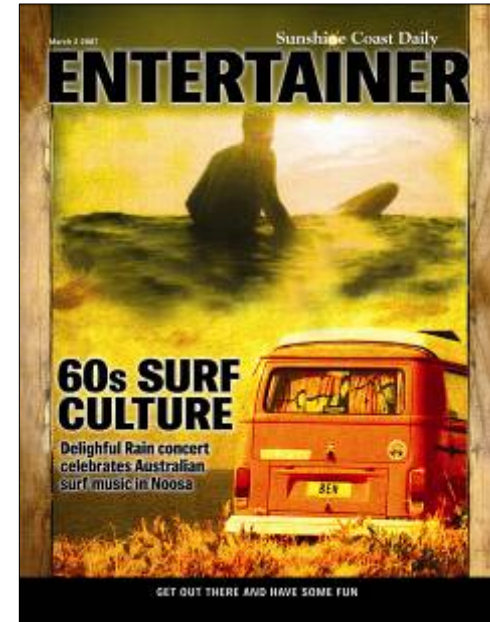
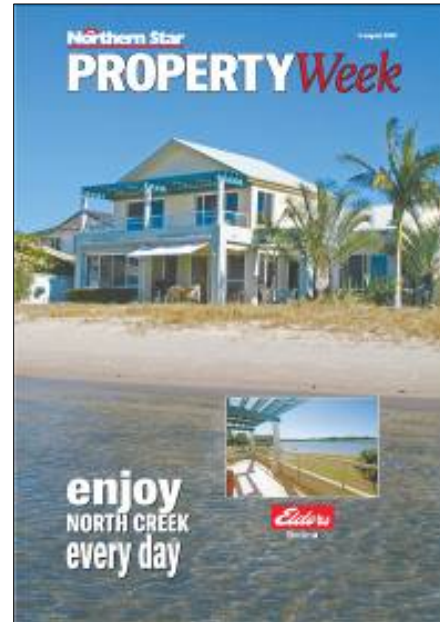


■ Classified ■ Local Display ■ National



# New product initiatives – Australia

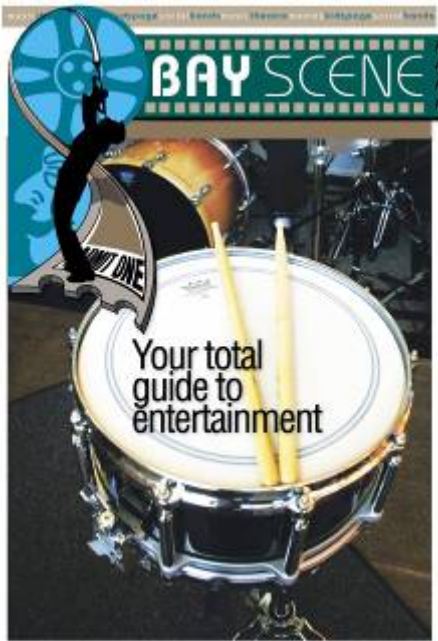
For personal use only



- Increased penetration of gloss colour opens up new revenue opportunities
- New property products benefit from resurgence in local real estate markets
- Sunshine Coast Daily PANPA Newspaper of the Year (circ. 15-50k)

# New product initiatives – NZ

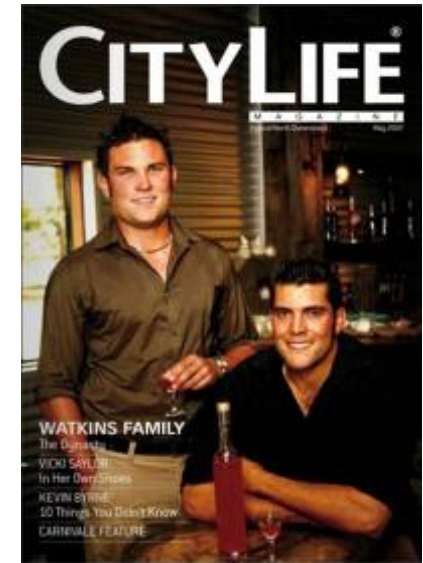
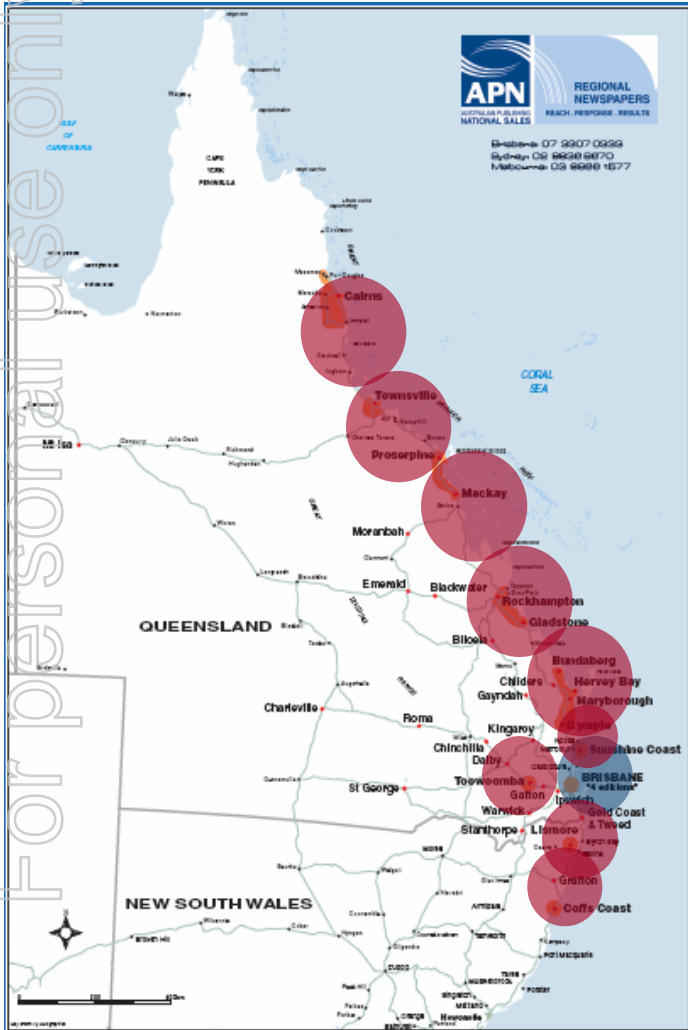
For personal use only



- Increased use of gloss colour in all Property sections
- Launch of stitched and trimmed Lifestyle and Motoring sections drives readership and advertising growth
- Daily Chronicle in Levin, PANPA Newspaper of the Year (circ. up to 15k)

# New product initiatives - Magazines

For personal use only



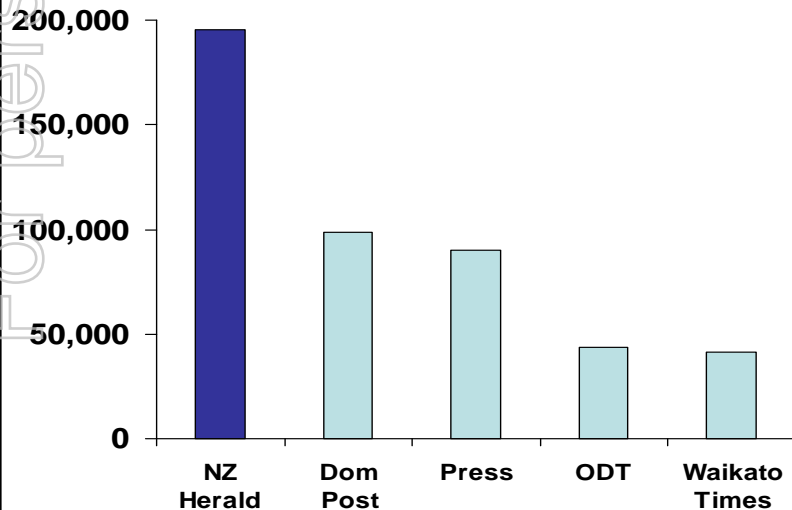
- Style Magazine now publishes 14 editions in Australia's highest growth corridor
- City Life publishes 3 editions in Mackay, Townsville and Cairns
- Combined 578,000 copies; 1 million+ readers

# NZ National Publishing (NZNP)

## DIVISION PROFILE

- NZ Herald – most read newspaper, with one million readers each week
- >86% of Auckland newspaper consumers read APN products each week

Audited Net Circ. to 31 Mar 07



- Revenue & EBIT maintained in competitive market
- Tight cost control
- Cover price increased in June
- Herald on Sunday profitable and building market share and readership in Auckland
- Magazines growing circulation: Crème up 20%, NZ Woman's Weekly most read weekly magazine

# New product initiatives – NZ Herald



- Business Herald now publishes on Friday with strong reader response
- Green Pages launched in June, attracting new advertising
- Viva to relaunch in October stitched and trimmed
- Metro pages build on Auckland strategy

The New Zealand Herald

# HERALD ON SUNDAY

For personal use only



- Herald on Sunday now profitable
- Most read Sunday newspaper in Auckland
- New sections: Sunday Detours, Sunday Extra, Sunday Insight

# APN Online

For personal use only

- Investment phase continues as new opportunities are assessed and new products launched
- Ad sales expand across portfolio of sites
- Annualised revenue \$25m
- One-third of NZ mkt (exc search)
- Combination of joint venture and organic growth
- Cross promotion through APN assets

[nzherald.co.nz](http://nzherald.co.nz)



search**4**cars.com.au

search**4**stuff.com.au



apnfinda

sellmefree.co.nz

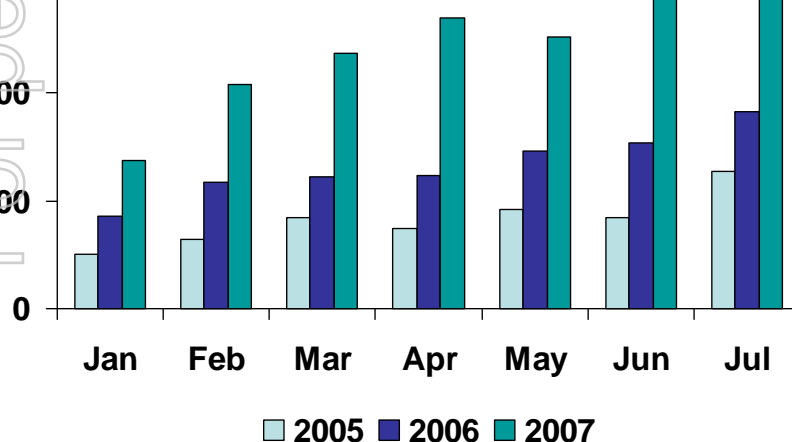


# Online – nzherald.co.nz



- H1 revenue up 75% on 2006
- 500k+ unique browsers a week; 7m+ page impressions
- Peak of 1m+ page impressions a day
- No. 1 news website in NZ; Winner Qantas Media Award Best news website
- 3<sup>rd</sup> most visited NZ site

**Ad revenue**  
Index Jan 05 = 100



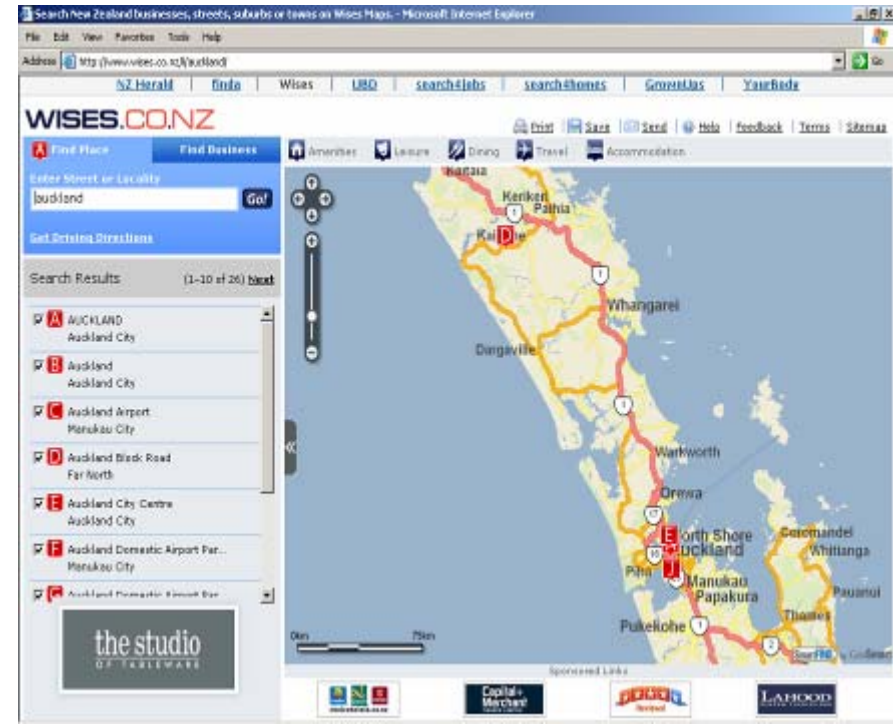
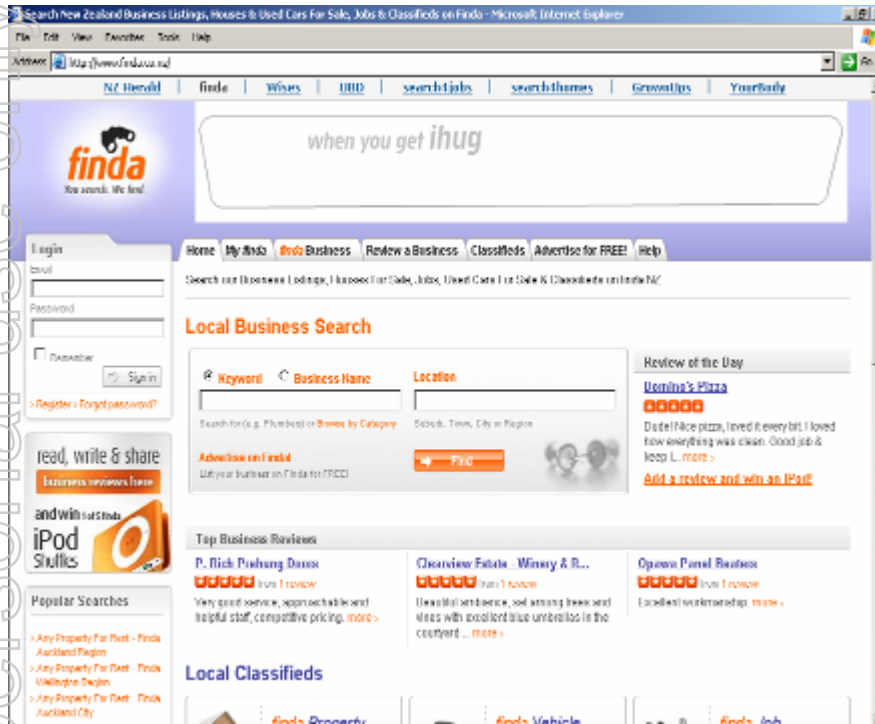
# Online – Local websites

For personal use only

The screenshot shows the homepage of thedaily.com.au. The header includes the site logo, a search bar, and navigation links. The main content area features a 'Sunshine Coast news' section with several headlines, a large featured article titled 'A BRIDGE TO SOMEWHERE!' with a photo of a woman in a high-visibility vest, and a 'Your online community' section with a member login form and a 'Law & Order' blog post.

- Sunshine Coast site relaunched as *thedaily.com.au*
  - Dedicated online editorial team breaking news
  - Extends advertising offering to clients
- Other local community sites under development

# Online – Directories and maps



- apnfinda JV now a significant online asset
- Largest directory business in New Zealand
- Database now contains 270,000 listings

# Online - Classifieds

The screenshot shows the search4cars.com.au website. At the top, there is a navigation bar with links for Home, About Us, Contact, FAQ, and Help. A search bar is present with a 'Log In' button. Below the navigation, there is a prominent banner for 'THE NEW FULLY EQUIPPED NISSAN TIIDA' with a price of '\$17,990'. The main content area is divided into 'Used Cars' and 'New Cars' sections. Under 'Used Cars', there is a 'Browse Used Cars' section with a search filter on the left and a grid of car listings on the right. The listings include categories like Compact (948), Luxury (262), Small (1836), Sports (236), Medium (672), 4WDs (1170), Large (2188), and Utes & Vans (1542). A sidebar on the right contains a 'searching' logo and a bicycle icon.

The screenshot shows the search4homes.co.nz website. At the top, there is a navigation bar with links for Buy, Rent, Flatmates, Add a Listing, and News. A search bar is present with a 'Log In / Register' button. Below the navigation, there is a banner for 'Foodtown .co.nz' with the slogan 'Enjoy having your own personal shopper!' and a 'buy some time' offer. The main content area is divided into 'Residential' and 'Commercial' sections. Under 'Residential', there is a search filter on the left and a listing detail on the right. The listing detail shows a 'Residences for Sale' in Wanganui, with a price of \$289,500. The listing includes a photo of a house and a 'listing call to action' button.

- Search4 brand extended to jobs, homes, cars and general classifieds
- Australia launched search4cars and search4stuff, with further launches planned for second half
- NZ launched search4homes with more to come

# Radio

## DIVISION PROFILE

- 12 Australian stations in key metro markets; two streams - Mix and Classic Hits
- >120 New Zealand stations; leading operators in Auckland & Christchurch
- Joint venture with Clear Channel Communications

	Australia - A\$m			New Zealand - NZ\$m		
	H1 07	H1 06	Var	H1 07	H1 06	Var
Rev.	68.3	71.2	(4%)	64.0	63.0	+2%
EBIT	24.1	23.4	+3%	14.0	14.4	(3%)
Margin	35%	33%		22%	23%	

## In Australia

- Recent market share gains now challenged by competitor response
- Classic Hits leads its target audience of 35-54
- Cost control improves margins

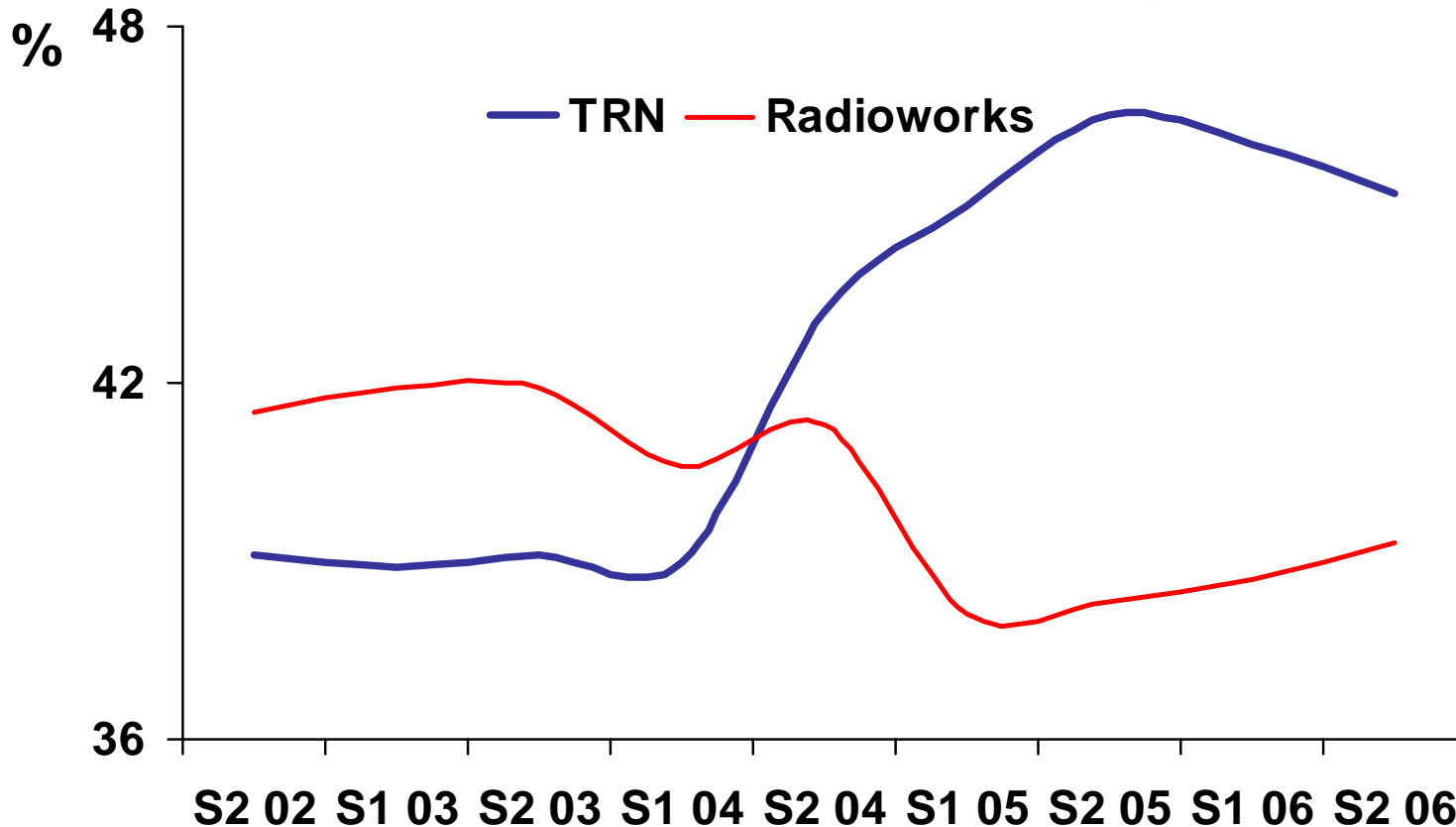
## In New Zealand

- Maintaining leading market share
- Radio sector builds overall share of ad market
- Key talent renewals secured

# NZ national audience share

**TRN continues to be the clear market leader in NZ radio**

The Radio Network National 10+ Share



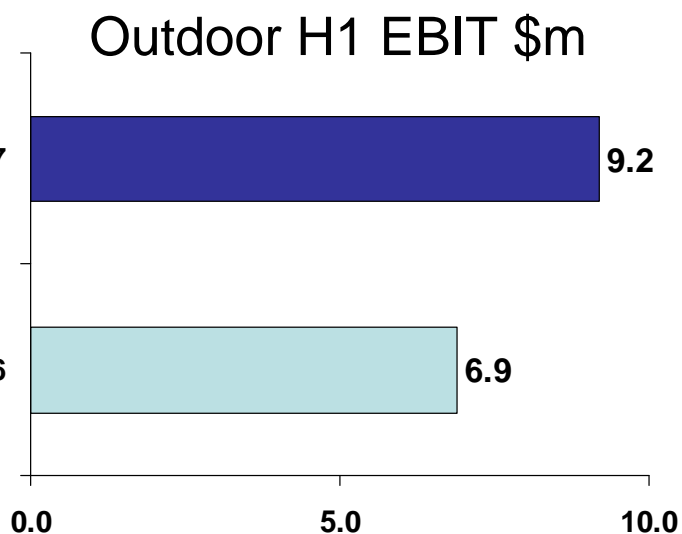
For personal use only

Source: Research International; National Database 2 2006

**APN News & Media 2007 Interim Result**

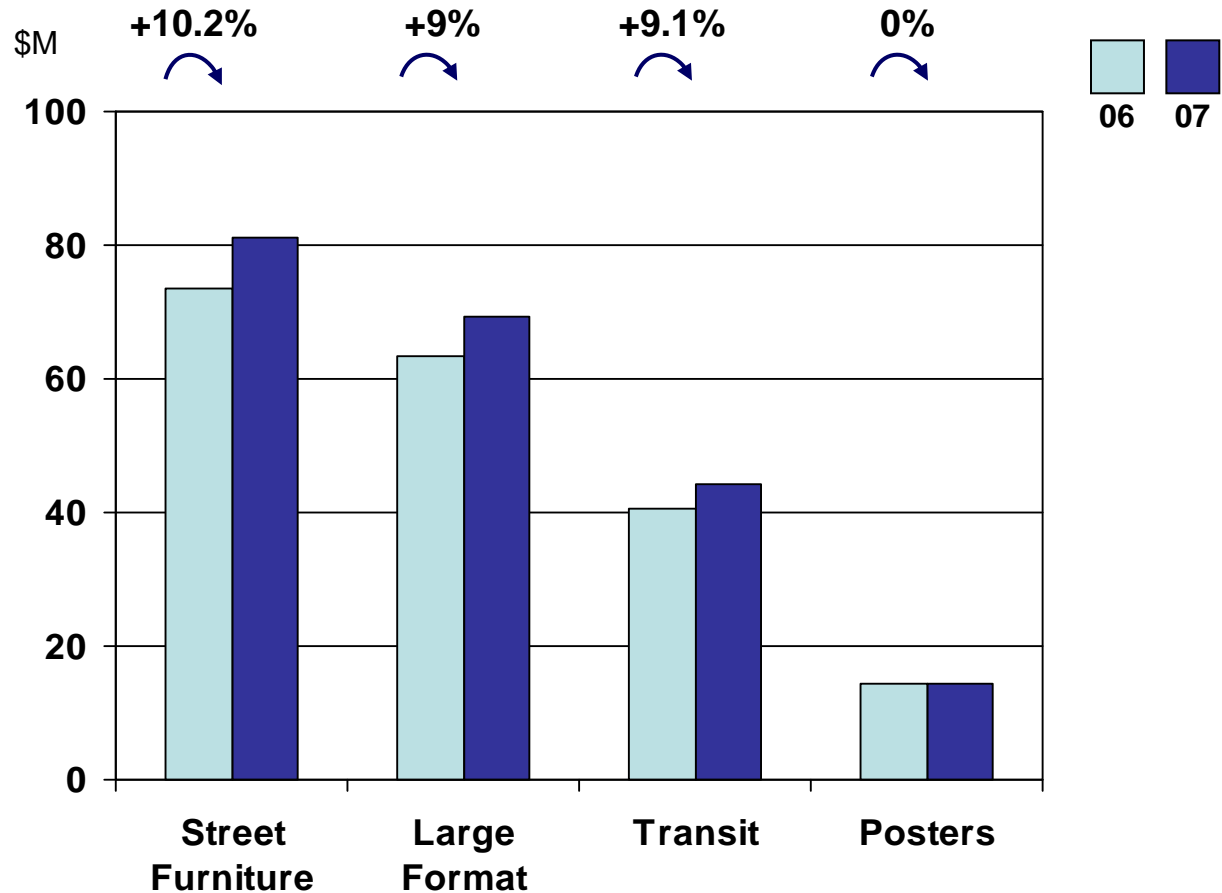
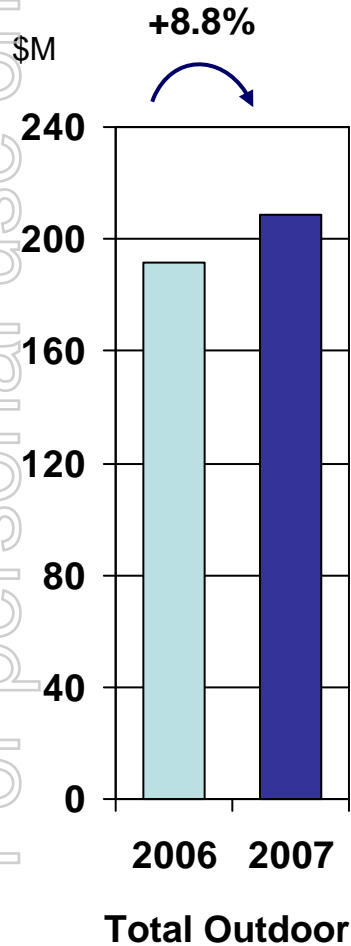
# APN Outdoor

- EBIT up 33% and strong H1 growth to continue into H2
- New contract wins for Vic Roads and Christchurch Airport
- Australia's largest street furniture contract secured
- Strong growth in Hong Kong market
- Ongoing inventory rationalisation



# 2007 Market Share | Australia

## YOY Total Market Growth Rates – Jan to June 2007



All Figures are for the Jan to June period, showing GMS \$M for the Australian Market



# Outdoor initiatives

For personal use only



- New Buspak formats introduced and well received by advertisers



- Digital assets rolled out in Australia and in development for New Zealand

# Hong Kong market



- Hong Kong Outdoor sector recording robust growth
- New management team driving revenue and strong EBIT results
- Transit business leading growth outcome

# Audience Measurement Update

For personal use only



- Contract signed with the preferred tenderer
- Industry team currently working on development:
  - Travel surveys
  - Eye tracking study
  - Software development
- Project remains on track for a 2008 release



NEWS & MEDIA



# 2007 Interim Results - Financials

August 14, 2007

Chief Financial Officer Peter Myers

# Finance Agenda

---

- Result
- Costs
- Cash Flow
- Debt & Financial Ratios
- Currency
- Taxation
- Dividends
- Capital Management

# 2007 Interim Result (pre-NRI)

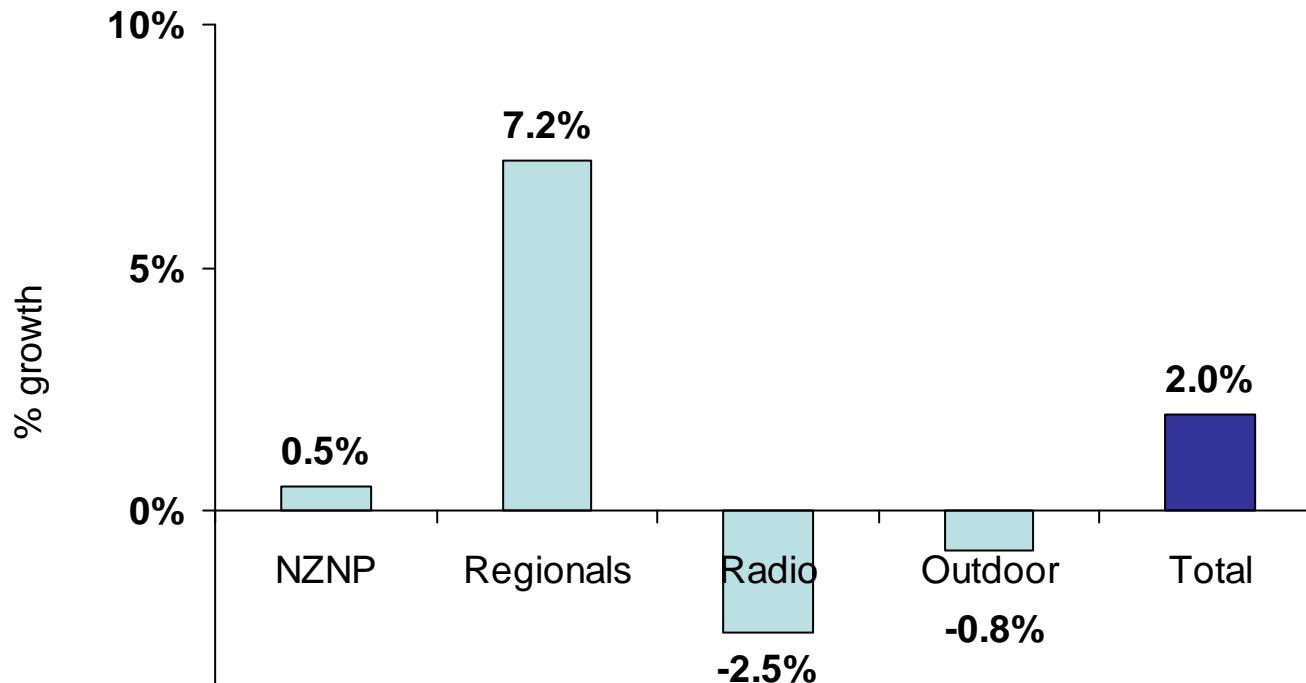
AUD million	H1 07	H1 06	Growth
<b>Revenue and other income*</b>	<b>633.7</b>	620.6	<b>+2%</b>
<b>EBITDA**</b>	<b>160.4</b>	155.9	<b>+3%</b>
<b>EBIT**</b>	<b>142.4</b>	138.9	<b>+3%</b>
<b>Profit before tax</b>	<b>111.7</b>	107.7	<b>+4%</b>
<b>Net profit</b>	<b>73.2</b>	70.0	<b>+5%</b>
<i>Earnings per share</i>	<i>15.4c</i>	<i>14.8c</i>	<i>+4%</i>

\* Excludes finance income and businesses disposed/closed in prior year

\*\* Excludes businesses disposed/closed in prior year (EBIT \$1.4m, EBITDA \$2.5m)

# 2007 Interim Result – Cost analysis

Excludes NRIs, NPIs & discontinued businesses



Early benefits from change programme and strong cost management hold cost increases to 2%, despite impact of acquisitions in Regionals and increased newsprint pricing

Note: Constant currency basis

# 2007 Interim Result - Cash Flow

AUD millions	H1 07	H1 06
Operating cash flow exc NRIs	142.5	159.3
Payments related to NRIs	(11.1)	(2.6)
Interest paid	(34.4)	(27.6)
Tax paid	(23.2)	(27.0)
Capital expenditure/investment	(131.1)	(31.9)
Assets under construction pending re-sale	-	(21.8)
Asset sales	14.3	19.7
Dividends – APN shareholders	(99.8)	(72.8)
Minority interests	(12.8)	(4.7)
Share buy-back	-	(83.2)
Share issues & other	2.3	5.9
<b>Total cash generated</b> before financing	<b>(153.3)</b>	<b>(86.7)</b>

H1 2007 OCF includes impact of 53rd week & timing of indirect tax payments – impact \$10m



# Free cash flow

AUD millions

EBITDA (pre NRI)

Operating cash flow (pre NRI)

% of EBITDA

**H1 07**

**160.4**

**142.5**

**89%**

H1 06

158.4

159.3

101%

Adjusting for \$10m of cash flow timing differences noted previously (indirect taxes and 53<sup>rd</sup> week impacts) and Adshel would mean that underlying cash conversion for the half is 96% - in line with long term

# Debt

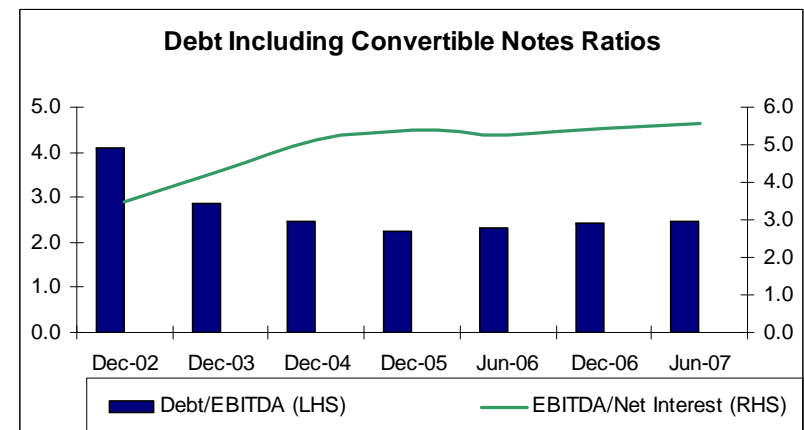
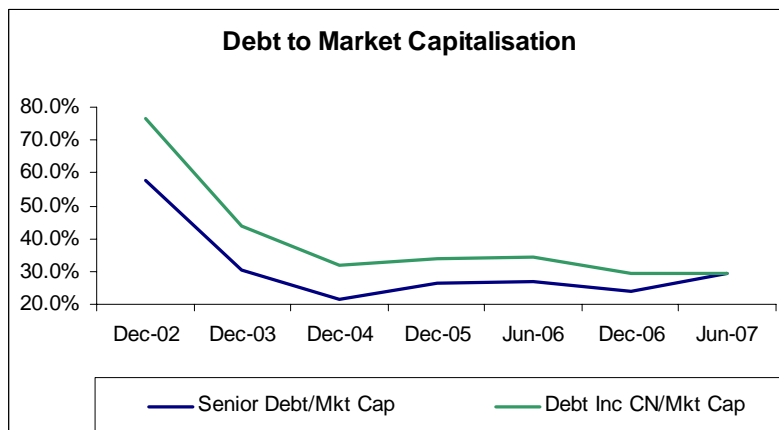
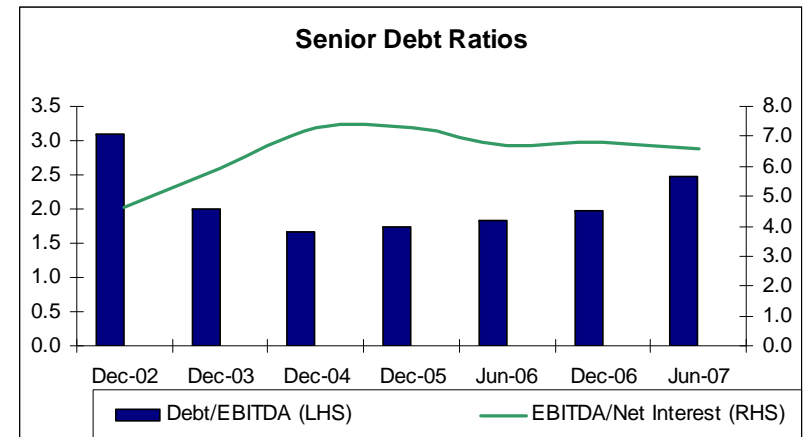
For personal use only

AUD millions	June 2007		Dec 2006	
	Senior Debt	inc. notes	Senior Debt	inc. notes
Core debt	786	786	597	597
Masthead licensing – AUD equiv	118	118	152	152
Convertible notes	-	-	-	149
Cash	(69)	(69)	(71)	(71)
Net Debt	835	835	678	827

# Financial Strength

For personal use only

- Gearing ratios remain strong after buy-back
- Toowoomba acquisition 100% debt funded
- Buy-back reinstated



# Non-recurring items

AUD millions

Gain on disposal of investments & properties

Asset write-offs

Business Restructure

Scheme costs and other

Online establishment costs

Outdoor - restructure and closure costs

**NRI pre tax**

Minority interest

Income tax

**NRI after tax**

**H1 07**

**H1 06**

**8.9**

10.0

-

(3.1)

**(5.8)**

-

**(2.2)**

-

**(3.1)**

(1.4)

-

(1.3)

**(2.2)**

4.2

**(1.9)**

-

**3.4**

(2.1)

**(0.7)**

2.1

# Currency and Tax

---

## Exchange rates (AUD/NZD)

June half average

Full year average

Period end rate

**2007**

1.125

N/A

1.099

2006

1.153

1.160

1.120

---

Average tax rate (pre NRI)

2006

Full Year

21.5%

2007

Half Year

18.8%

# Dividends

---

- Interim dividend increased 8% to 10.5 cents per share
- Unfranked - no NZ imputation
- Dividend payment date 27 September 2007

# Capital Management

---

- \$275m spent in 2005/06 on buying back 55m shares
- Buy-back originally instituted in anticipation of conversion of 63m notes issued to fund W&H acquisition in 2001. All notes have now been converted or redeemed
- EPS and value accretive for shareholders
- Following resolution of Consortium proposal, the company has reinstated buy-back



# 2007 Interim Results - Summary

August 14, 2007

Chief Executive Brendan Hopkins



# 2007 Interim Result Highlights

---

- 5% increase in Net Profit After Tax to a record \$73.2m pre NRI
- Significant investment in online products and JVs
- Transition to a new business model for APN
- Buoyant Qld market continues to benefit Australian Publishing
- Solid result for NZ National Publishing in tight local conditions
- Online annualised revenues of \$25m+
- Satisfactory Radio result
- Outdoor profit up 33%
- Strong cost focus - 2% increase
- Interim dividend up 8% to 10.5 cents per share

# Outlook

---

- The Company continues to believe that second half growth will be in line with expectations outlined at the recent Annual General Meeting
- Growth in Net Profit After Tax of between 5% and 10% is likely for the year



# 2007 Interim Results

August 14, 2007

Chief Executive Brendan Hopkins  
Chief Financial Officer Peter Myers