





#### **ANNUAL GENERAL MEETING**

6 MAY 2008

#### APN News & Media Portfolio

- Largest media company in New Zealand
- Largest Publisher in regional Queensland
- Largest Radio broadcaster in Australasia
- Largest Outdoor operator in Australasia
- Largest Online business directory in New Zealand

#### **PUBLISHING**

- The New Zealand Herald
- 23 regional daily newspapers
  - 100+ community newspapers
- National and regional magazines

Australasian market leader in all major categories

**OUTDOOR** 

Leading operator in Hong Kong, Malaysia & Indonesia

#### **RADIO**

- 12 metro stations in Australia, targeting 25-54 demographic
- 120+ stations in New Zealand over 8 networks

#### ONLINE

- Number 1 news website in New Zealand
- Number 1 business directory site in New Zealand

## 2007 Full Year Result (pre-NRI)

#### Record Net Profit

Underlying Revenue*	\$1,314.2m	<b>1</b> 4%
EBITDA	\$361.0m	<b>1</b> 6%
NPAT	\$169.4m	<b>18%</b>
Diluted EPS	34.4 cents	<b>1</b> 6%
Full Year Dividend	31.5 cents	<b>1</b> 6%

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<sup>\*</sup> Excludes finance and other income, businesses closed/sold and NRIs

## 2007 Key Outcomes

Profit in line with guidance

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- Strong result for Outdoor and Australian Publishing
- Online continues rapid organic growth
- Business re-engineering marginally negative in 2007
- Trading for 2008 ahead of pcp in Revenue and Profit

## 2007 Divisional Highlights

Rapid growth in Outdoor

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- Major new contracts secured
- Excellent results in Hong Kong
- Good growth for Australian Publishing while absorbing short-term cost of re-engineering projects. New Zealand regional publishing down in line with local economies
- New Zealand metro publishing marginally positive
- Radio outcome flat in competitive market
- Strong online organic revenue growth for nzherald.co.nz and Directories

## Divisional Performance – FY (pre-NRI)

	Revenue		EBIT			
AUD millions	FY 07	FY 06	Growth	FY 07	FY 06	Growth
Publishing	769.5	743.7	3%	223.8	215.6	4%
- Regional Publishing - NZ National Publishing	434.7 334.8	412.8 330.9	5% 1%	125.4 98.4	119.1 96.5	5% 2%
Radio	258.8	255.4	1%	84.9	82.9	2%
Outdoor	268.7	249.9	8%	37.0	26.1	42%
Corporate & Other	11.0	6.5		(10.6)	(12.5)	
TOTAL pre NPI	1,308.0	1,255.5	4%	335.1	312.1	7%
New Product Initiatives	17.3	14.7	18%	(10.8)	(7.0)	
- Online	11.1	6.9	61%	(8.2)	(3.6)	
- Other	6.2	7.8	(20%)	(2.5)	(3.4)	
TOTAL	1,325.4	1,270.2	4%	324.3	305.1	6%
Businesses disposed/closed	0.3	31.5		(0.7)	2.4	
As reported	1,325.7	1,301.7		323.6	307.5	

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## Business re-engineering

#### **Customer Contact Centres**

 Australia and NZ – single contact centres handling inbound and outbound publishing bookings

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- Structured approach to outbound sales campaigns
- Deloitte Consulting developing new revenue collection model



## Business re-engineering

#### **Centralised production**

- All Australian regionals online to centralised ad services bureau
- 180+ estate agents using self-service web interface
- NZ to adopt similar bureau system
  - In Auckland, 80% of editorial production now outsourced to single facility
- Sharper page layouts and designs for regional titles
- Improved work flows deliver gains in productivity



Ad Services Bureau, Brisbane



Pagemasters, Auckland

## Press Centre Upgrades









- 5.5 million gloss and coldset tabloid pages printed per week
- Rockhampton and Toowoomba press centres now complete
  - Construction underway at Ballina in Northern NSW
  - Mackay upgrade complete
- Colour upgrades to Wanganui and Tauranga in New Zealand

## Regional Publishing



To be the number one regional publisher – print and online – in our Australian and New Zealand markets

2007: Revenue and EBIT up 5%

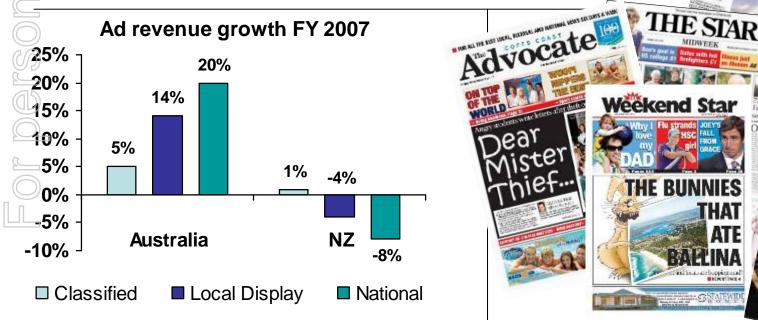
## Regional Publishing

#### **Australia**

- Queensland market continues strong growth
- New systems installed and staff trained
- Continued strong demand for gloss colour products

#### **New Zealand**

- Property advertising continues good growth
- Indications of economic moderation in some markets





## Regional Publishing



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- Several strategic acquisitions, including moving to 100% of The Chronicle in Toowoomba
- Increased colour capacity lifts advertiser demand
- Good growth in property advertising in Australia and New Zealand

## New Zealand National Publishing









To be the number one publisher – print and online – in Auckland

2007: EBIT up 2% to \$98m

#### The New Zealand Herald



- NZ Herald continues to grow readership
- New features driving growth in retail advertising category
- Property section innovations
- Canvas magazine at record pagination
- Circulation drivers
  - -Time Out
  - -The Business

## Readership









- New Zealand Herald and Herald on Sunday the country's fastest growing paid newspapers\*
- NZ Herald 585,000 readers, up 3%
- Weekend Herald 624,000 readers & most-read paper in New Zealand
- Herald on Sunday –
  345,000 readers, up 6%

<sup>\*</sup> Nielsen National Readership Survey, Jan-Dec 2007

## New Zealand Magazines









- Woman's Weekly still New Zealand's most read consumer magazine
- Listener highest-circulating and most-read current affairs magazine; Creme is NZ's fastest-growing teen magazine
- Simply You fashion and lifestyle titles acquired in December; good fit with existing portfolio

# HERALDONSUNDAY











- Herald on Sunday is now profitable
- Continues to grow circulation
- Best-read Sunday title in northern region
- Specialist sections expanded: Travel, Property, Social
- Strong Auckland focus

### **APN Online**

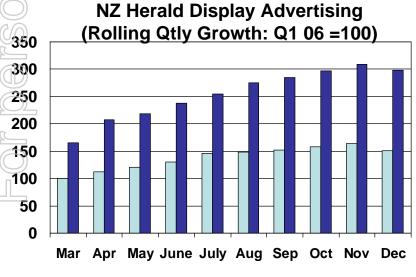


To be the largest in online advertising in each of our local markets across Australia and New Zealand

2007: Revenue up 61%

#### nzherald.co.nz

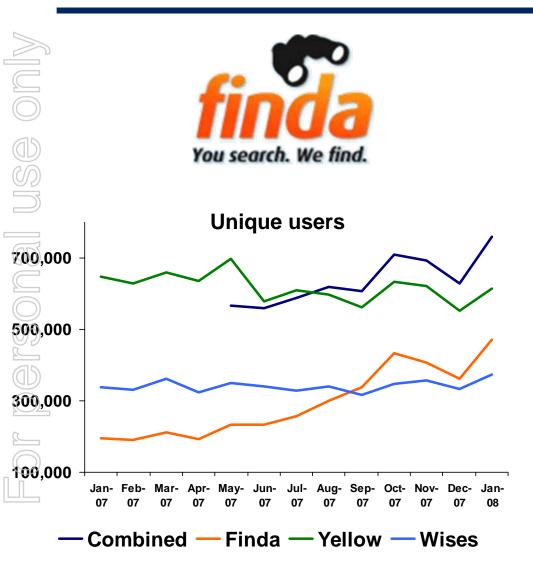




**■ 2006 ■ 2007** 

- Average 590K+ unique browsers; 9M+ page impressions per week
- Record traffic levels driven by coverage of events such as the Rugby World Cup
- Increased level of user engagement through comments on articles and blogs
- Strategic alliance with Microsoft
- Investment in technology platform to support growth

### Directories - New Zealand

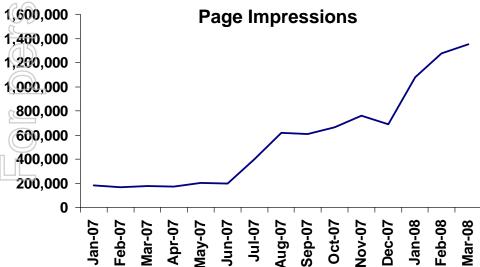


- Ownership taken to 100% since year-end
- Record traffic levels combined traffic of Wises and Finda exceeding Yellow Pages
- Focus on delivering improved consumer experience – better navigation, key word search
- Product innovations in 2008
   enhanced listings, video
- Strategic alliance with Google

Source: Nielsen Netratings Market Intelligence

## thedaily.com.au

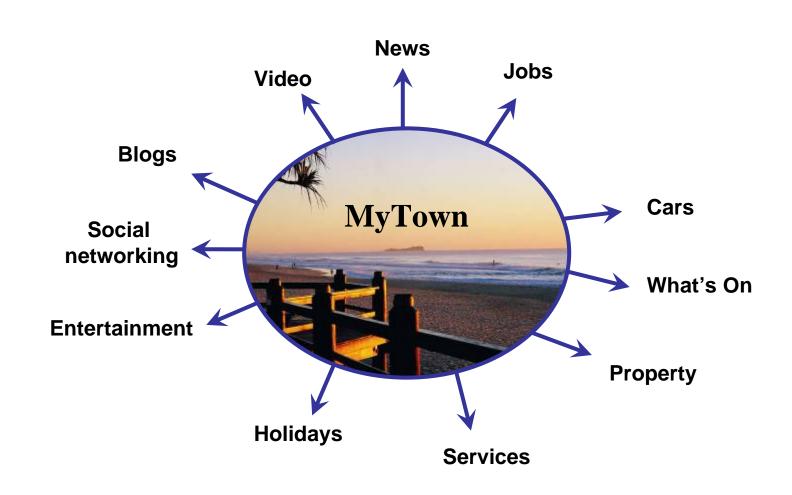




- Regional community site launched on Sunshine Coast
- Traffic steadily building since launch
- Gaining traction with community participation on site through blogs and feedback

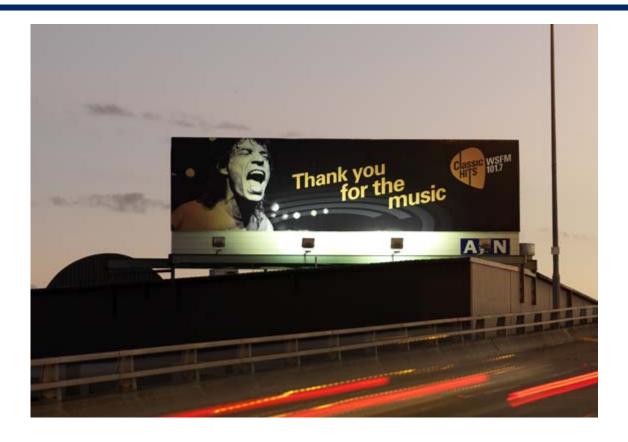
## Regional online approach

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### Radio

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To be the number one radio broadcaster 25-54 in Australia and the number one radio broadcaster overall in New Zealand

#### Radio – Australian Radio Network

- 12 stations in key metro markets; Mix & Classic Hits
- More than 4.4m listeners 10+ each week; core 25-54 demographic
- Since 2002, ARN has maintained advertising share despite a new competitor in every major market
- Competition remains tight in key Sydney market
- Exciting new programming changes

\$Am	2007	2006	Var
Revenue	141.3	143.2	(1%)
EBIT	56.9	55.1	3%
Margin	40.3%	38.5%	

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#### Radio – Australian Radio Network



Jonesy & Amanda WSFM



Two Women & a Metro Mix 101.1

- Key breakfast 'prime time' teams in place
- Programming upgrade to provide lead-in for the day
- Improved commercial environment for advertisers
- Programming key to competing with digital alternatives



Sonia Kruger & Todd McKenney Mix 106.5



John, Jodie & Snowy Mix 102.3

#### Radio – New Zealand

- Leading radio broadcaster in NZ: 162 AM & FM licences, 8 networks
- Top 3 stations in Auckland
- Three new stations launched in 2007
  - Radio Hauraki in Nelson (straight to #1 in market)
  - Flava to Tauranga
  - Coast to Whangarei

\$NZm	2007	2006	Var
Revenue	133.8	130.3	3%
EBIT	31.9	32.2	(1%)
Margin	23.9%	24.7%	















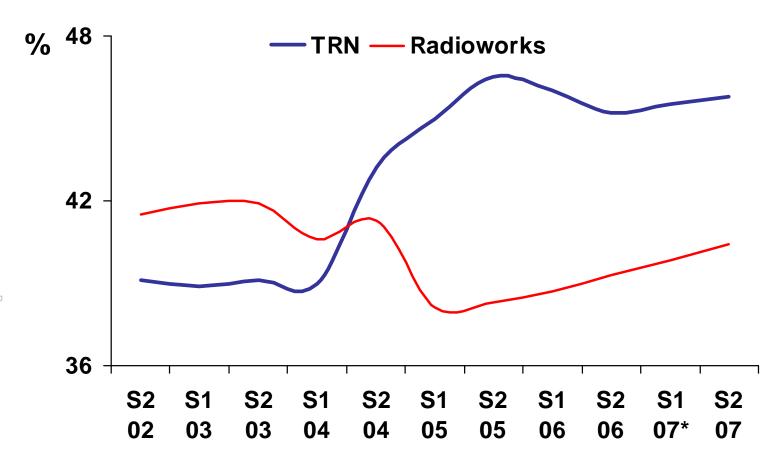




### NZ national audience share

#### TRN continues to be the clear market leader in NZ Radio

The Radio Network National 10+ Share



Source: Research International; National Database 2 2007; \* No survey conducted for S1 2007

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### Outdoor

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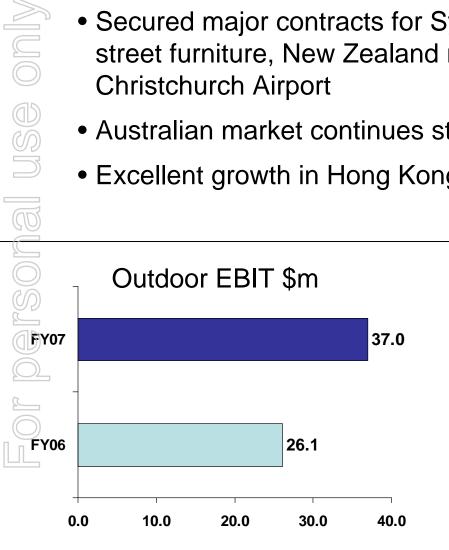


To strengthen our position as the number one Outdoor operator in Australia, New Zealand and our Asian markets

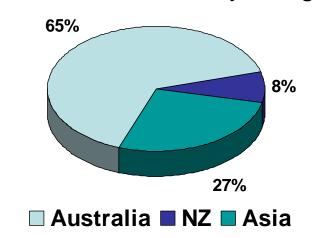
### **APN Outdoor**

- Secured major contracts for Sydney, Melbourne street furniture, New Zealand rail network and Christchurch Airport
- Australian market continues strong performance
- Excellent growth in Hong Kong



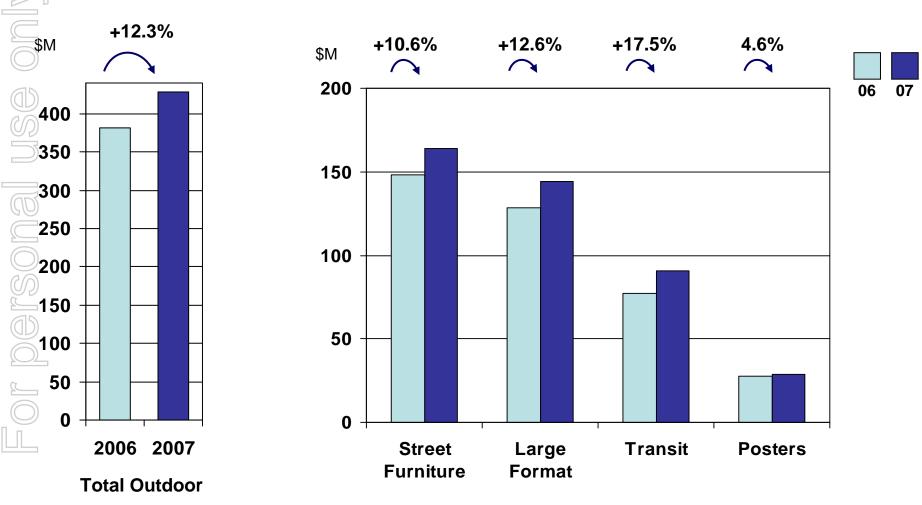


#### Outdoor Revenue by Geography



### 2007 Market Growth | Australia

YOY Total Market Growth Rates – Jan to Dec 2007



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

### APN Outdoor – Market leaders



All brands brought under APN Outdoor

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- APN continues as market leader in all major categories
- Transit successfully repositioned with launch of new quality formats, broadening the category base
- Good growth in Large Format Billboard

### **APN Outdoor - Adshel**







- Adshel extends market leadership in Street Furniture
- Innovative use of digital technology
- Secures Melbourne: largest Street Furniture contract in Australia

### **APN Outdoor - Asia**

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- Strong revenue result in Hong Kong for Transit and Large Format
- Some Olympic benefit expected for 2008
- Good quality markets in Malaysia and Indonesia

## APN Outdoor – MOVE project





- Planned launch of audience measurement system in H2
- Significant investment in world-leading Outdoor audience measurement
- Benefits to flow from 2009
- All major industry players involved in development

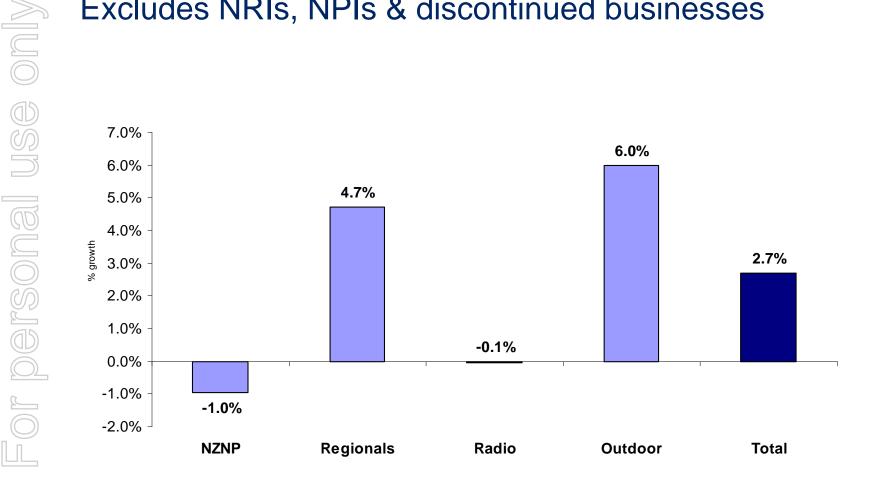
## **APN Outdoor – Innovations**



- Illumination upgrades being rolled out across Australia
- Digital sites for Christchurch Airport contract
- Research well advanced on a number of significant innovations

### 2007 Result – Cost analysis

#### Excludes NRIs, NPIs & discontinued businesses



Note: Constant currency basis

## Financial strength

**AUD millions** 

Core debt

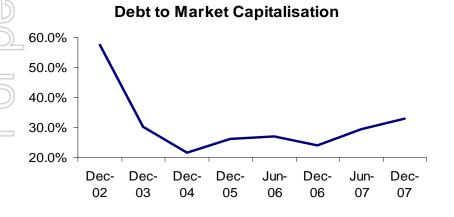
Masthead licensing - AUD equiv

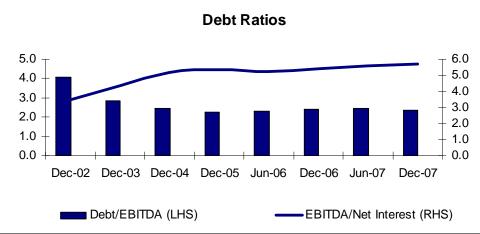
Convertible notes

Cash

Net Debt

2007		2006		
Senior Debt	inc. notes	Senior Debt	inc. notes	
858	858	597	597	
78	78	152	152	
-	-	-	149	
(89)	(89)	(71)	(71)	
847	847	678	827	





## Capital Management & Dividends

- Total buy back since inception 66.2m shares for \$333m
- Remaining convertible notes all converted or redeemed during the year
- Now that capital is diluted for notes diluted EPS is best measure – up 6% YoY
- Final dividend increased to 21.0 cents per share
- Dividend for year 31.5 cents, up 6.1% on prior year
- Last year final dividend increased for scheme delay
- Payout ratio 91%

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## 2007 Key Outcomes

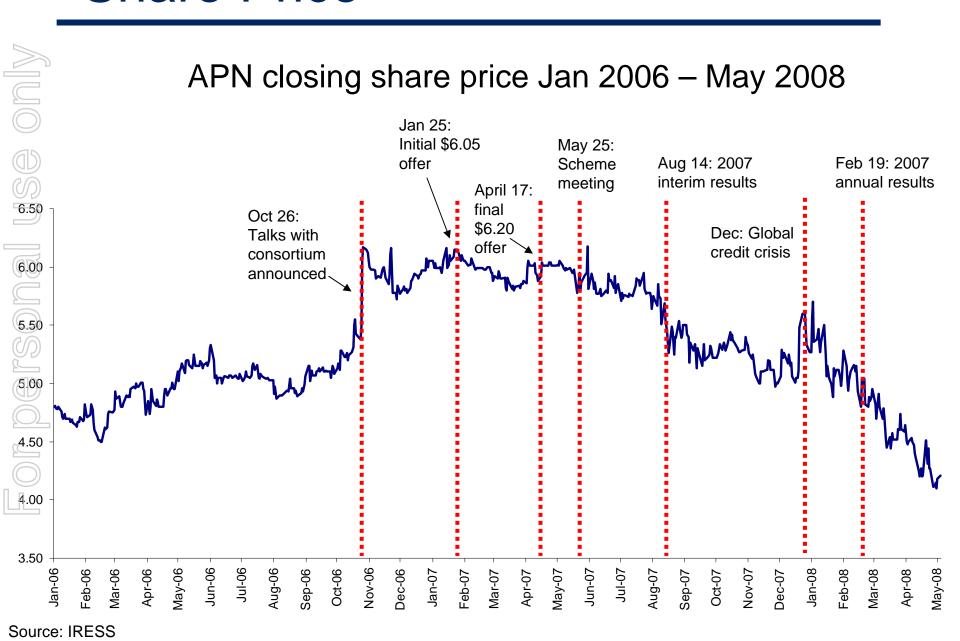
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- Year to date revenues and profits are ahead of the prior year in challenging market conditions.
- Assuming such conditions do not deteriorate, the Board expects that APN's broad range of high quality media assets will again perform satisfactorily in 2008.

### **Share Price**



## Share price



Source: IRESS, NYSE

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