



MARKET ANNOUNCEMENT

2016 Full year results: Redefined the business, strategy on track

- 2016 statutory results from continuing operations: revenue up 15 per cent to \$298.6m, EBITDA up 14 per cent to \$90.9m
- 2016 pro-forma results: revenue up 5 per cent to \$458.2m, EBITDA up 8 per cent to \$117.1m
- ARM \$36.6m divestment completed, eliminating exposure to traditional publishing
- Acquired remaining 50 per cent of Adshel for \$268.4m
- Adshel achieved above market revenue growth
- Radio performance in H2-2016 in line with guidance
- Acquired Conversant Media, a pure play digital media company
- Fully franked dividend of 4 cents

SYDNEY 22 February 2017 – APN News & Media Limited (ASX: APN) today released its results for the 12 months ending 31 December 2016. FY16 statutory revenue from continuing operations was up 15 per cent to \$298.6m, with statutory EBITDA from continuing operations up 14 per cent to \$90.9m.

The year was impacted by significant transactional activity including the successful demerger of NZME on 29 June 2016, the acquisition of the remaining 50 per cent of Adshel for \$268.4m and the acquisition of Conversant Media announced on 25 October 2016, and the sale of Australian Regional Media (ARM) for \$36.6m, completed on 28 December 2016.

Pro-forma revenue rose 5 per cent to \$458.2m, with pro-forma EBITDA up 8 per cent to \$117.1m.

The Board of APN has recommenced the payment of dividends for the first time since 2012, declaring a fully franked full year dividend of 4 cents, with a record date of 31 March and payable on 26 April 2017. APN has also resumed its dividend reinvestment plan for shareholders.

APN Chairman Peter Cosgrove said, “APN has successfully executed on its plan of completely exiting traditional publishing, and increasing its exposure to the high growth out-of-home sector. We now have full ownership of large, high quality metropolitan media assets across radio and outdoor.

“APN is in terrific shape; we have strengthened the balance sheet, and our confidence in the future is demonstrated by the recommencement of dividends for the first time since 2012.”

APN CEO & Managing Director, Ciaran Davis, said APN is effectively a new business that over the last three years has gone from having one third of revenues in growth assets to generating all its revenues across the high-growth sectors of outdoor, radio and digital.

“With technology disrupting advertising models in the home, we believe ad revenue will move increasingly toward outdoor, radio, and digital – mediums capable of delivering greater engagement, mass reach and less fragmentation.”

“APN will move from being a holder of media assets to an integrated media and entertainment operator, leveraging the power of our complementary channels.”

APN maintains a strong balance sheet with net debt/EBITDA of 1.2 times at 31 December 2016.

Statutory result

A\$ million	2016	2015	% change
Revenue from continuing operations	298.6	259.0	↑ 15%
EBITDA	90.9	80.0	↑ 14%
EBIT	82.4	74.9	↑ 10%
Net profit after tax from continuing operations	41.6	26.4	↑ 58%
Loss from discontinued operations	(251.1)	(19.0)	↓ >100%
Net profit / (loss) after tax before exceptional items	(209.5)	7.3	↓ >100%
Exceptional items from continuing operations	203.5	(17.5)	↑ >100%
Loss attributable to shareholders	(6.0)	(10.2)	↑ 41%

Business Performance

A\$ million	2016 Pro forma revenue	2015 Pro forma revenue	YoY change	2016 Pro forma EBITDA	2015 Pro forma EBITDA	YoY change	2016 APN revenue	2015 APN revenue	2016 APN EBITDA	2015 APN EBITDA
Australian Radio Network	225.3	221.1	2%	86.1	82.8	4%	225.3	221.1	86.1	82.8
Adshel	205.8	176.4	17%	46.2	38.3	21%	45.5	-	20.0	9.4
Hong Kong Outdoor	27.1	37.9	(29%)	(1.3)	0.4	>(100%)	27.1	38.0	(1.3)	0.4
Corporate	-	-	-	(13.9)	(12.7)	10%	0.7	-	(13.9)	(12.7)
Total	458.2	435.5	5%	117.1	108.9	8%	298.6	259.0	90.9	80.0

Adshel

- Digital expansion continued in H2-2016 with:
 - 115 new screens in NZ in Q3, with 70 planned in H1-2017
 - 113 new screens in Australia in Q4, with 137 planned in H2-2017
- Above market revenue growth in Australia and New Zealand
- Australian market share in Roadside Other segment up 3.3 percentage points
- Digital sales now representing greater than 30 per cent of total revenues in 2016.

On a standalone basis Adshel increased EBITDA by 21 per cent to \$46.2m, with revenue up 17 per cent to \$205.8m.

There is strong earnings momentum across the Adshel business in both Australia and New Zealand, with above market growth. Digital earnings are contributing to a slight margin improvement. The majority of 2016 cost growth relates to revenue-related costs, selling costs and capability costs.

As previously announced, Adshel has at least \$50m capex planned for 2017, subject to success in several significant tenders.

Australian Radio Network

- Revenues up 2 per cent to \$225.3m, albeit behind market growth
- Disappointing second half – actions initiated
- Strong EBITDA margin of 38 per cent maintained
- Consistent ratings improvement in H2-2016, with strong final survey 8
- Re-signed Kyle & Jackie O on long term contracts

ARN continues to be a very successful and profitable business for APN delivering a 4 per cent increase on EBITDA to \$86.1m and a 2 per cent revenue increase to \$225.3m.

The result is in line with guidance provided to the market in October, and the lower than market revenue growth is largely attributable to challenges across Melbourne and Perth. A new commercial director has been appointed in Melbourne to help drive the KIIS and Gold brands, and in Perth ARN relaunched 96FM with a new format in January 2017.

ARN had a steadily improving ratings performance in the second half, resulting in a strong finish in survey 8 of 2016 that included ARN holding the #1 FM stations in Sydney, Brisbane and Adelaide and the #1 and #2 breakfast shows in Sydney.

APN Strategy

APN's strategy for growth is underpinned by four key pillars:

- **To grow its audience base** across new and existing audiences by enhancing its content offerings
- **To diversify revenues** particularly into the growing revenue streams of mobile, social and video
- **To expand digital and data capabilities** and take advantage of advanced technology and platform distribution and to meet the demands of marketers in today's media market
- **To optimise integration** ensuring greater collaboration across all APN businesses from a content, revenue, cost and IP perspective, thereby providing a unique and compelling position for APN in Australian media.

Mr Davis concluded:

"Now is the perfect opportunity to set a new direction to benefit our shareholders, clients and staff. Over the coming months, we will redefine our brand and go-to-market strategies; we are investing in our capability to build for future growth. We look forward to updating shareholders at our AGM in May 2017."

Trading Update

Group revenue in January was comparable with strong results achieved in 2016.

In Radio, ARN outperformed the radio market which grew 0.8%. Revenue conditions softened in February with briefing activity strengthening and pipelines building in March.

Adshel performed in-line with a weaker Roadside-Other segment in January. Strong forward bookings and an improving pipeline suggest advertiser activity is returning to normal levels.

January costs for the Group were up for radio content, site rental increases and a number of specific integration projects now underway.

Ends.

To view an interview with APN News & Media CEO & Managing Director, Ciaran Davis, regarding this announcement [click here](#), or visit the Investor Relations page on the APN website.

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