



NEWS & MEDIA

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

Chairman's Address to Shareholders

The last twelve months have been an exciting, challenging and, most importantly, a rewarding time for APN and all its shareholders.

We are continuing the process of transforming the Company and repositioning for growth. We are integrating our businesses, diversifying our revenue streams and following a strategy of investing in radio and outdoor as growth businesses. As a result of the transactions we completed over the past year, APN is well positioned to achieve its goals.

However, we are operating in an ever changing environment where the way people consume media has and continues to change rapidly. Our audiences, our readers and our listeners have an incredible array of possibilities to discover and consume content, and as a media company working in a dynamic industry, this must be at the forefront of our thinking every day.

APN is now much more flexible and outward thinking in our approach to adopting change and recognising new opportunities. The results of this are evident in our improved performance, and Michael Miller will expand further on this in his operational update.

NZME

During the year, our New Zealand businesses in Publishing, Radio and Digital, were combined into one operation and the new combined entity was launched as New Zealand Media and Entertainment or, NZME. The benefits from the integration are already being realised, with the combined sales offering and access to a large audience resonating well with our advertisers. We are confident that over the medium term, we can capture both revenue and cost synergies, while driving a strong investment in the digital future.

During 2014, we also looked at the strategic options for NZME and the potential for partial divestment of the businesses. It was decided that any decision on a potential divestment would be deferred until 2016 when the benefits of integration would be evident.

Radio

In line with our growth strategy, we acquired the 50 per cent of the Australian Radio Network and The New Zealand Radio Network that we did not already own. We subsequently acquired 96FM in Perth which completed our five capital city FM radio network in Australia.

The increased investment in our radio business was in many ways a turning point for APN, as our radio and outdoor assets now represent just over 60 per cent of APN's proportionate earnings, with publishing reduced to under 40 per cent. The market responded positively to this significant investment, which was reflected in a strong share price performance during the year.

As a company we have been looking closely at growth markets in South East Asia. As a first step we have acquired all of APN's outdoor operations in Hong Kong that we jointly owned with Clear Channel. We see a number of opportunities in Asia for both outdoor and the iHeartRadio platform, which is growing very quickly.

Financial Result and Dividend

I am encouraged by the result APN delivered in 2014 with Net Profit after Tax attributable to shareholders up 25 per cent on the prior year to \$74.7million, before exceptionals and non-recurring items. This was after the increase in the effective tax rate over 2013. We expect the trend in the effective tax rate to continue in 2015.

Overall, the result is an improvement on the performance in 2013, which was in itself, a solid result.

In line with the Company's commitment to reducing debt and improving the balance sheet the Board decided not to pay a dividend at this time. The Board is conscious that the company has not paid a dividend for some time, and today I would like to advise you of a formalised dividend policy:

Once the company's net debt and EBITDA leverage is less than 2.5 times, the Board will look to reinstate dividends with a minimum of at least a 20 per cent payout. This policy will be reviewed annually.

In September, the refinancing of APN's debt facilities was completed a year ahead of the scheduled expiry date, with the new facility in place until 2018.

Audit Tender

During the year APN conducted an audit tender to ensure that the Board could continue to provide shareholders with an independent and quality audit of management and the business. Good savings were made and we are pleased to retain PwC as our auditor.

Shareholder Register

Recently our long term shareholder Independent News & Media, or INM, together with our largest individual shareholder Denis O'Brien, sold their stake in APN. This was an historic point in time for the company as INM was instrumental in the origination and growth of APN over more than two decades. INM purchased Provincial Newspapers in Queensland in 1988 and these were the seed assets for APN's successful ASX listing in 1992. We thank INM for their support and guidance as a major shareholder over 20 years. As a result of this share sell-down, APN was able to attract a number of high quality institutional shareholders to the register.

Board Renewal

Vincent Crowley, who normally would be up for re-election today, is not seeking re-election. I would like to thank him for his long service to the company. As well as being a director, Vincent served as Chief Executive of APN from 2000 to 2002 and has made a major contribution to APN for over 25 years.

As part of a Board renewal process, Sir John Anderson has joined the Board.

Sir John has extensive commercial and Board experience in Australia and New Zealand and I think you will agree, that we are fortunate that a director of his calibre has accepted our invitation. His decision to join us is a strong endorsement of the future of the Company.

It is important to ensure a strong mix of skills, experience and diversity on APN's Board to support the business' future growth. We are currently compiling a matrix of skills required for the future and will update shareholders before the next AGM.

LTI review

The Board is also undertaking a review of the long term incentive plan for executives. The current LTI plan does not properly reflect or address a company in the middle of a transformation from a traditional publishing business to a multi-platform growth business.

We will report back to shareholders on a more appropriate LTI plan that helps us attract, retain and reward executives for performance in meeting the transformational goals in place.

Conclusion

On behalf of the Board, I would like to thank everyone at APN for their hard work and dedication. I also wish to thank my fellow Directors, for the role they have played in setting the strategy which is bringing about the transformation of the Company.

Finally, I thank you, our shareholders, for your continuing support. We are determined to continue the current momentum through 2015 and outperform in each of the markets that we operate. I look forward to sharing our progress when we meet again next year.

Ends.

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