



# 2009 Interim Result

21 August 2009

Chief Executive Brendan Hopkins  
Chief Financial Officer Peter Myers

# Key Points

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- Challenging market conditions for all APN markets
- Strong cost performance improves leverage to economic upturn – costs down 10%
- Rights issue strengthens Balance Sheet and debt maturities
- Early sign of NZ turnaround
- Slow start to H2 in Australia, but no further deterioration
- Investment/restructuring complete and forward capex low

# 2009 Interim Result (pre-exceptionals)

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## Satisfactory result in tough conditions

Underlying Revenue	\$516.7m	(18%)
EBITDA	\$100.8m	(36%)
EBIT	\$78.8m	(43%)
<b>NPAT</b>	<b>\$36.1m</b>	<b>(50%)</b>
Earnings Per Share	6.5 cents	(54%)*

\*Prior year EPS adjusted for bonus element of pro-rata entitlement offer

# Divisional Performance – H1 (pre-exceptionals)

AUD millions	Revenue			EBIT		
	H1 09	CC* Growth	Reported Growth	H1 09	CC* Growth	Reported Growth
Australian Publishing	<b>131.4</b>	(14%)	(14%)	<b>25.8</b>	(37%)	(37%)
NZ Publishing	<b>166.8</b>	(21%)	(25%)	<b>26.6</b>	(44%)	(47%)
Australian Radio	<b>59.5</b>	(7%)	(7%)	<b>22.2</b>	(4%)	(4%)
NZ Radio	<b>41.5</b>	(18%)	(23%)	<b>5.7</b>	(44%)	(47%)
Outdoor	<b>115.3</b>	(15%)	(9%)	<b>3.6</b>	(79%)	(77%)
Corporate	<b>2.2</b>			<b>(5.1)</b>		
<b>TOTAL</b>	<b>516.7</b>	(17%)	(18%)	<b>78.8</b>	(42%)	(43%)

\* Constant Currency

# Australian Publishing

Local currency

Revenue

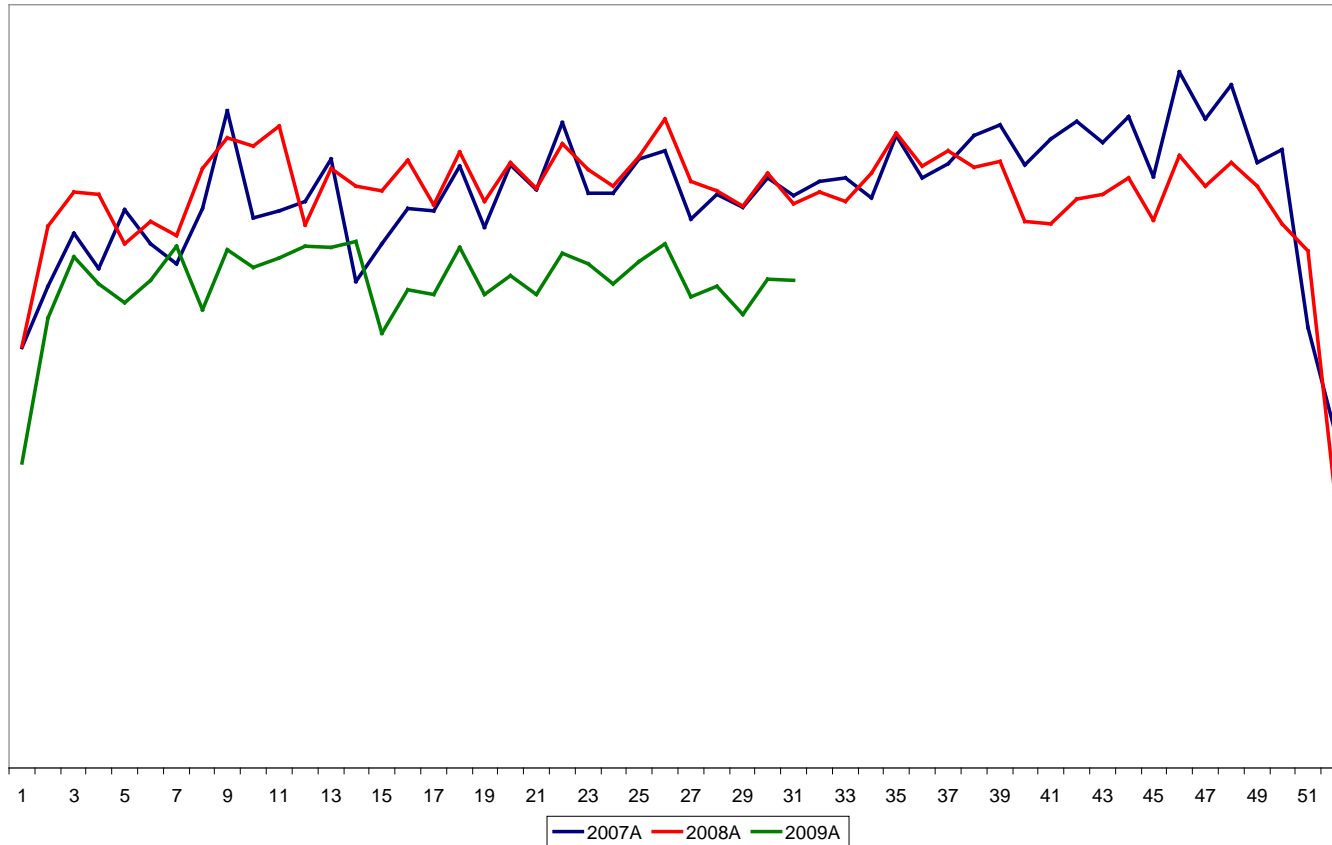
(14%)

Costs

(5%)

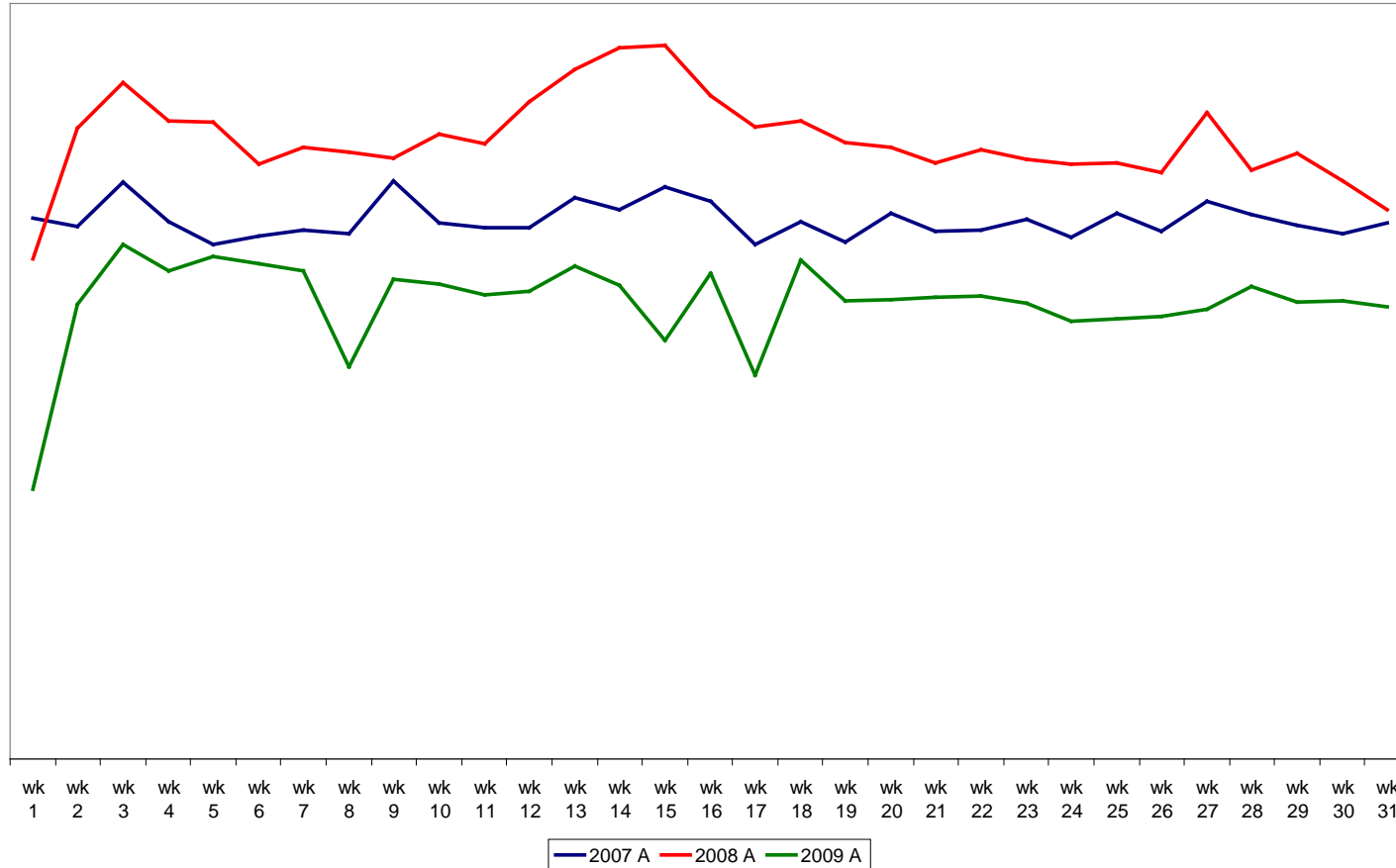
- Restructuring for future growth remains a priority
- Cost reductions more difficult due to decentralised nature of operations
- Resilient retail and national advertising offset softer employment and real estate
- Circulation revenue and readership stable

# Australian Publishing – Ad revenue



- 2008 ad sales held up till late in Q3
- Positive start to Q1 2009, then fell away
- No further deterioration

# Australia Publishing – Real estate



- Real estate faces challenging environment but has stabilised



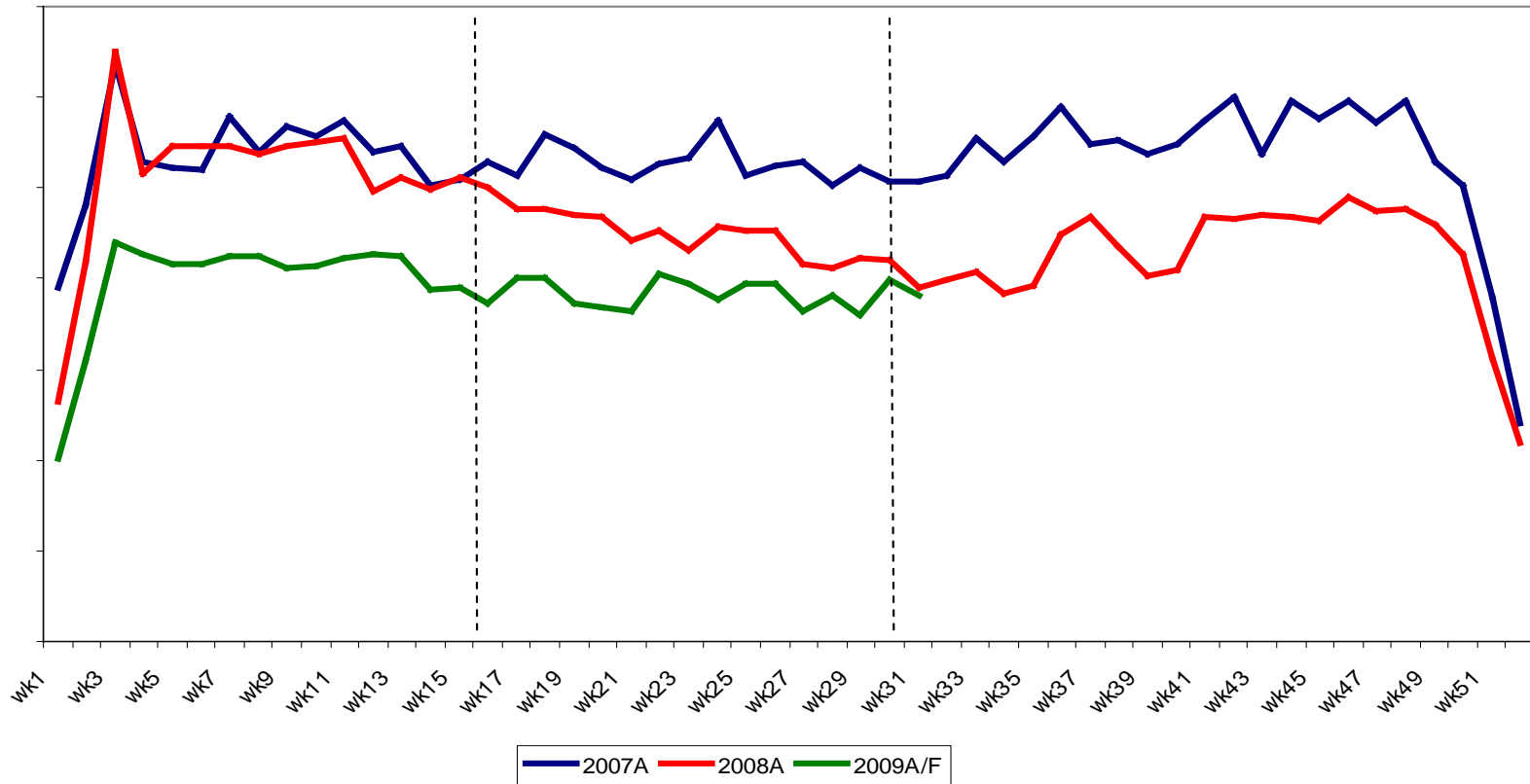
# New Zealand Publishing

	Revenue	Costs
Local currency	(21%)	(14%)

- Gained market share over television, radio and outdoor
- Strong cost performance
- Revenue compared against best of 2008 comparables
- Maintained leading readership position
- Current trading ahead of prior year
- Heatset printing weak

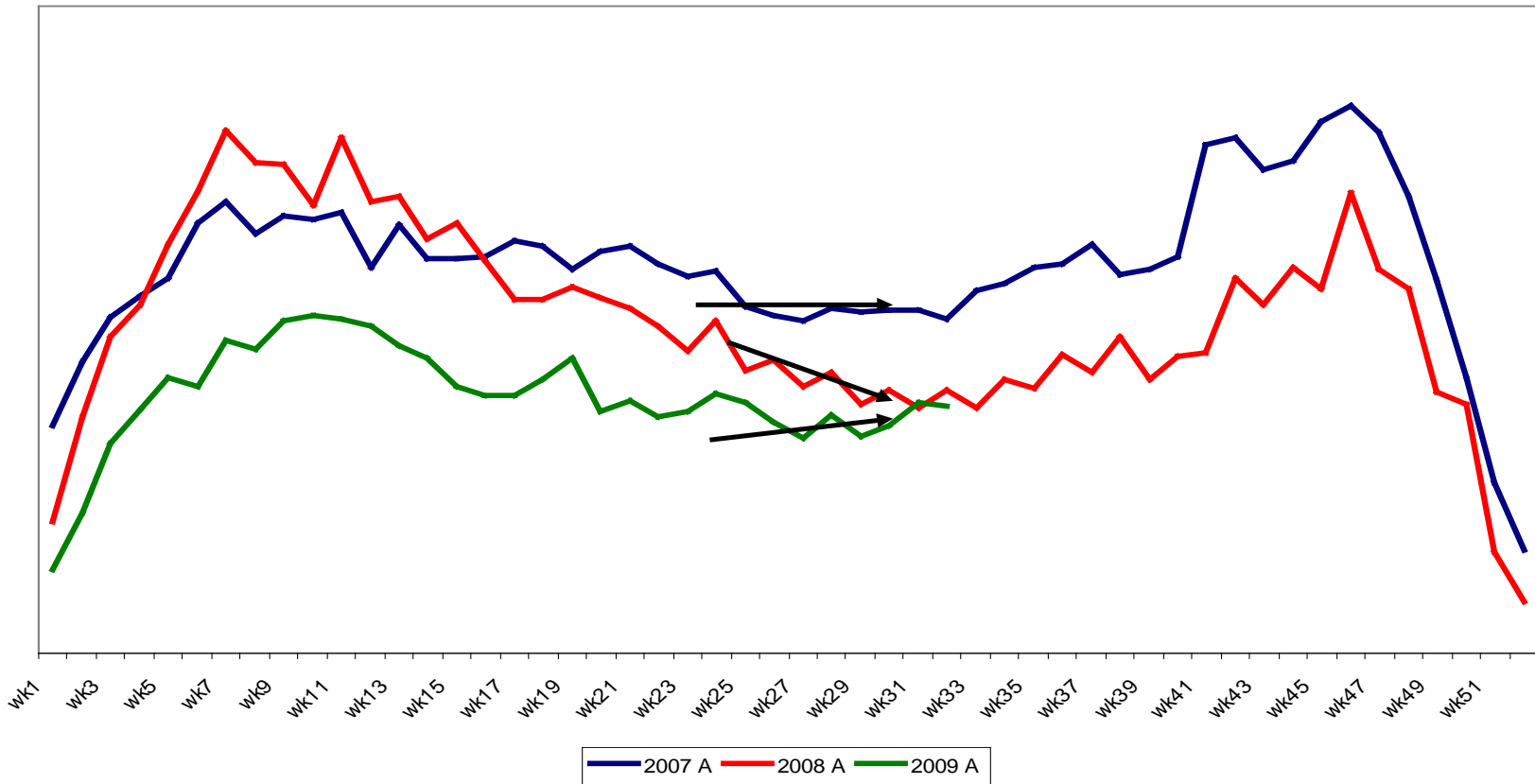


# NZ Publishing – Ad revenue



- Deterioration from early Q2 2008
- Began to stabilise early Q3
- 2009 beginning to align with 2008 comps (2007 a more usual seasonal pattern)

# NZ Publishing – Real estate



- Sharp decline from week 12 in 2008
- Stability returning over same period in 2009

# Australian Radio

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	Revenue	Costs
Local currency	(7%)	(9%)

- Radio market shows resilience
- Some slippage in market share (mostly Melbourne) but gains made late in H1, especially in Sydney
- Listener numbers stable and good outcome for direct and agency sales
- Strong cost performance – but not the main focus

# New Zealand Radio

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	Revenue	Costs
Local currency	(18%)	(11%)

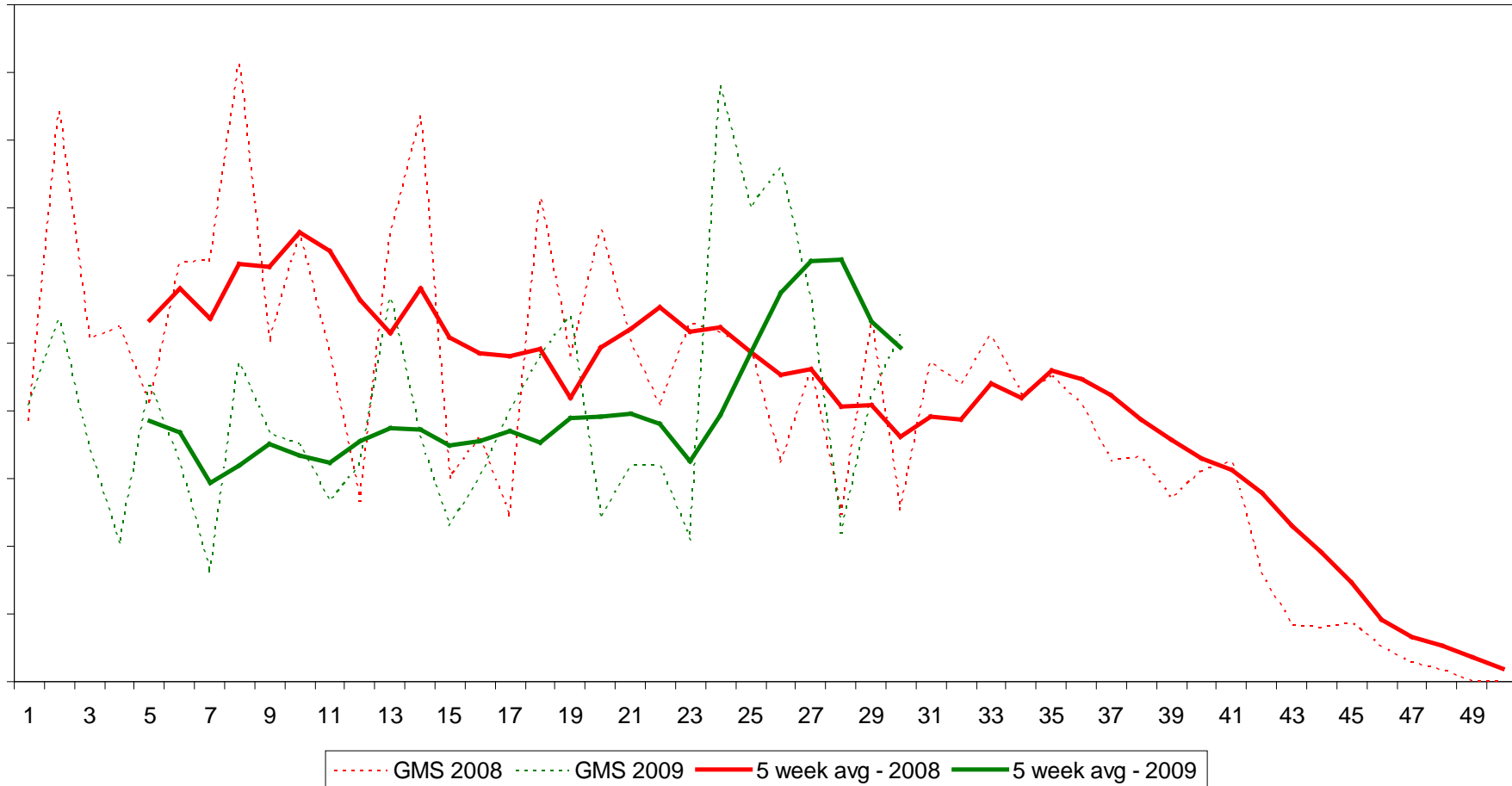
- NZ market weakness continues
- Market share down year-on-year but plans to improve performance
- Remain market leader and well positioned to benefit from recovery
- Strong exposure to markets with low media concentration

# Outdoor

	Revenue	Costs
Local currency	(9%)	(5%)

- High natural leverage but softened by reduction in fixed costs
- Revenue weak, especially in Q2
- Launch of digital assets masks revenue and cost performance
- MOVE launch later this year
- Slow start to Q3, but latest bookings up year-on-year

# Australian Outdoor Weekly Bookings



- In the last month APN Outdoor bookings are ahead of 2008 comps

# Online

nzherald.co.nz

THURSDAY 11 FEBRUARY 2009  
12:00 PM NZST

Keywords

Search

nzherald.co.nz

News Business Sport Technology Entertainment Life & Style Travel Blogs Your Views Property Motoring Jobs

National World Weather Politics Crime Health Environment Science Opinion Cartoons Slideshow

## Smith defends emissions target

Climate Change Minister Nick Smith is rejecting criticism by a United Nations climate scientist that the government's target is "disappointing, inadequate and unambitious".

## Eased border controls for transiting travel

New measures to include installation of a self-process system for those with e-passports.

## Injured toddler dies in hospital

The three-year-old girl found unconscious at a Palmerston North hospital yesterday has died.



## Footage shows McCaw cheats

Above: Richie McCaw training in Sydney today. Sydney's Daily Telegraph has labelled the All Black captain a "speed offender" with a shopping list of...



4:19 Traffic-free zones...  
2:16 NZ and Aus to work...  
1:24 Road trip ends in...  
11:33 Kea carrying 1000...  
11:48 Standestine dog...

## PHOTOS The sunken Princess Ashika

Is it time to re-evaluate...  
Hides' Maori seats...  
PHOTOS Rugby World...

- Market leading nzherald.co.nz website grows profits
- New revenue models being trialled
- Losses reduced
- Australian community strategy progresses
- Close to break even in H2



Play dates for only \$198



# Finda – key features

The screenshot shows the Finda website interface with several key features highlighted by red circles:

- Things To Do**: A section listing 1961 events in Toowoomba.
- Local Voices**: A section featuring local news and social media updates, including tweets from @jymis and @neitise.
- Featured Story**: A section highlighting a local news story titled "Grazier dies in sale day smash".

Other visible features include:

- Search**: A search bar at the top.
- My Finda**: A section for user accounts with "register account" and "login" buttons.
- Help those most in need**: A banner for "Eradicate extreme poverty & hunger Support Concern Worldwide".
- Weather**: A weather forecast for Toowoomba, QLD, on Monday, 17 August 2009.
- Semester 1, 2010 Apply Now**: A yellow banner for a 2010 application period.
- Gemfest, Toowoomba**: A section for a gem and jewellery show.
- Ag Show**: A section for an agricultural show.
- Toowoomba Carnival of Flowers 2009**: A section for a local festival.
- Links & Information**: A section with various utility links like "Notices", "Traffic Cam", and "Weather".
- Most Popular**: A list of trending local news stories.

- Comprehensive database of local events
- Local Views – curated list of links to local blogs and tweets
- Local information and places to see – schools, parks, hospitals, councils etc. (original material and links to relevant websites)
- Featured local stories
- Local TV guides

# Online disclosures

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- New accounting standard *AASB8 Operating Segments* results in segment reporting being brought in line with statutory disclosures
- Increased bundled selling for publishing and radio
- H1 2008 revenue \$8m; EBIT (\$4.7m) - includes Finda NZ (now divested)
- H1 2009 revenue \$7m; EBIT (\$4.8m)
- nzherald.co.nz profitable
- Increasingly difficult to segment with multimedia sales teams

# Summary

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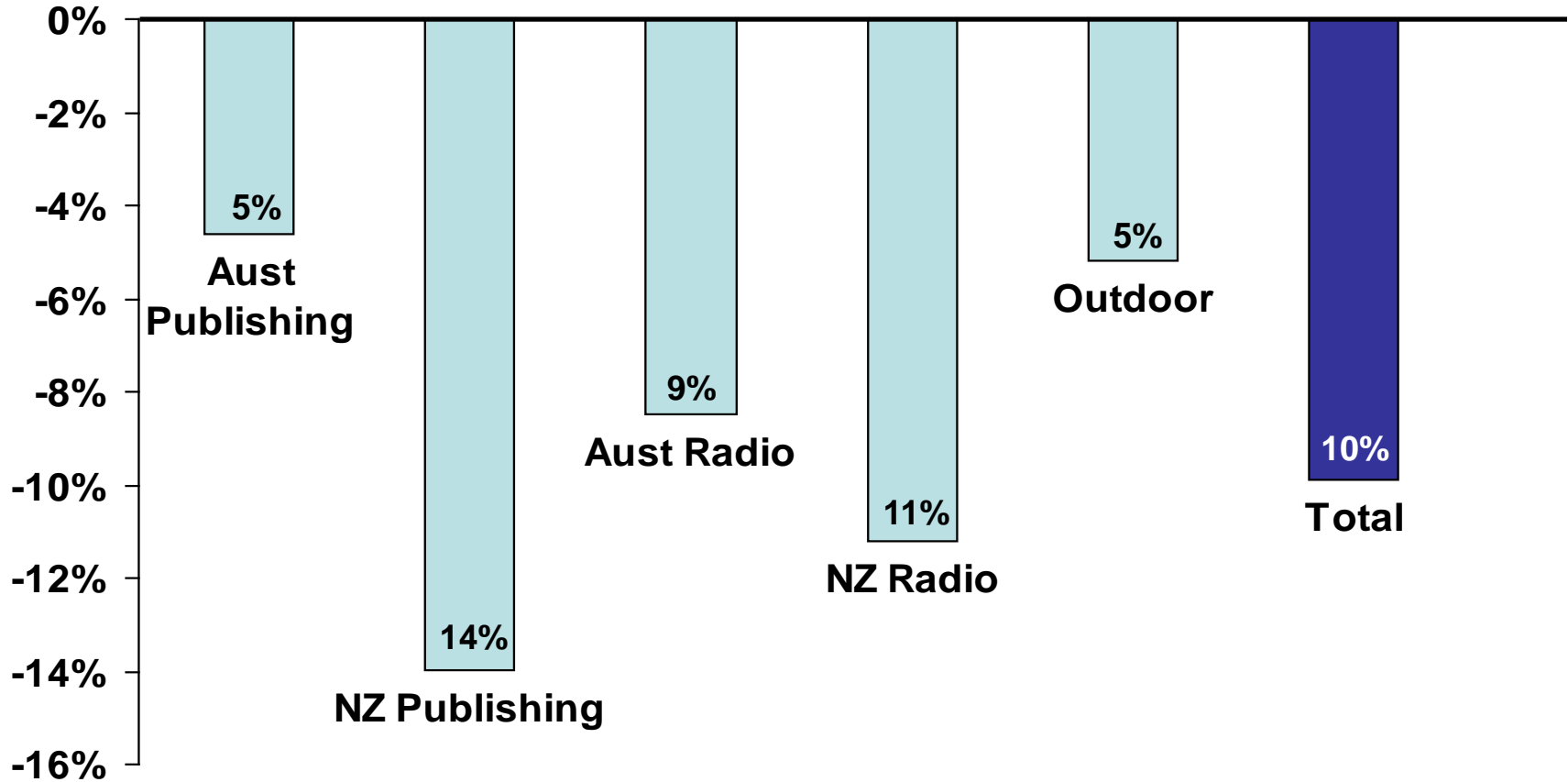
- A satisfactory outcome from a challenging half
- Forward indicators looking more positive
- Early sign of New Zealand turnaround
- Capital base in good shape
- Restructuring complete – low forward capex
- Business highly leveraged to upturn

# 2009 H1 Underlying Result

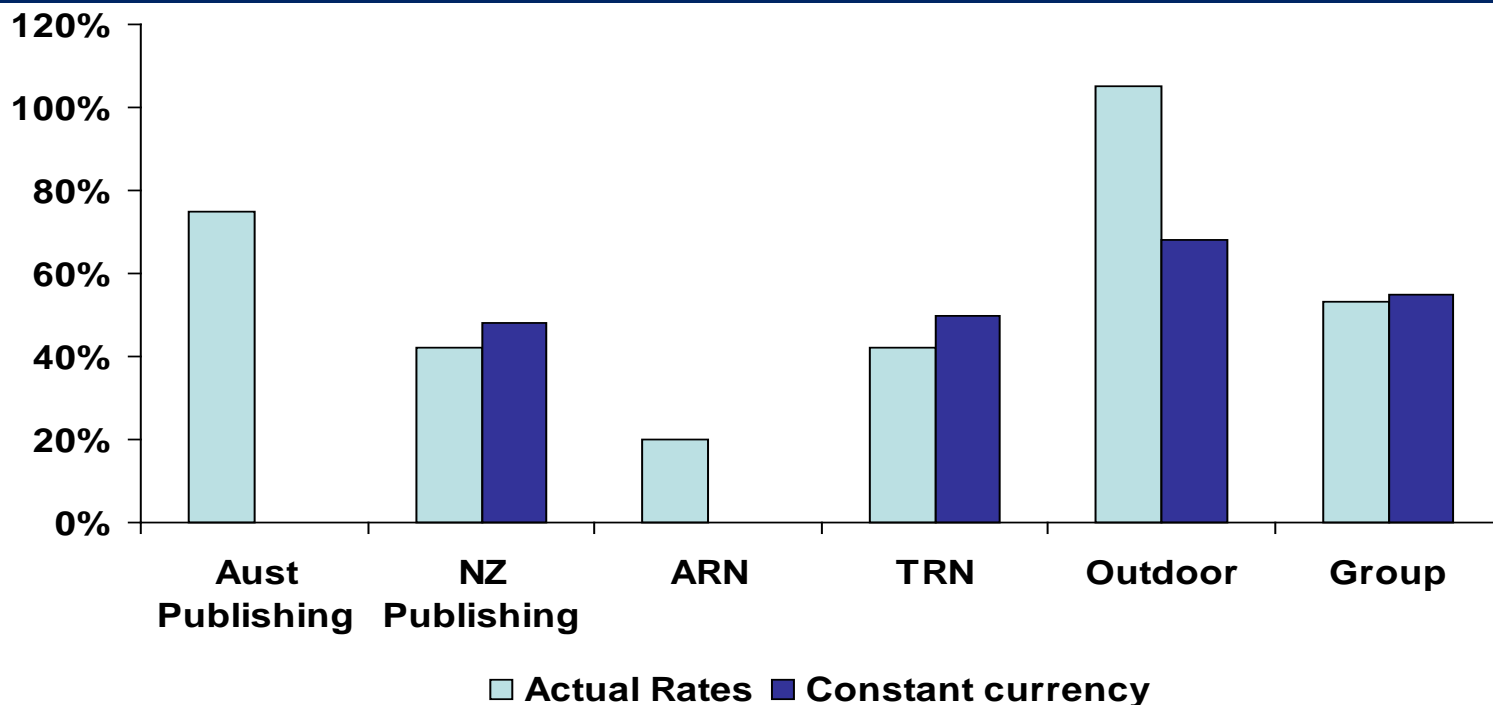
	Underlying result		Exceptional items		As reported	
	H1 09	H1 08	H1 09	H1 08	H1 09	H1 08
(AUD millions)						
Revenue before finance income	514.5	624.5			514.5	624.5
Other income	2.2	6.1	3.5	9.8	5.8	15.9
Associate profits	1.1	2.1			1.1	2.1
Costs	(417.0)	(474.6)	(10.2)	(14.4)	(427.3)	(489.1)
<b>EBITDA</b>	<b>100.8</b>	158.0	<b>(6.7)</b>	(4.6)	<b>94.1</b>	153.4
Depreciation/amortisation	(22.0)	(19.1)			(22.0)	(19.1)
<b>EBIT</b>	<b>78.8</b>	139.0	<b>(6.7)</b>	(4.6)	<b>72.1</b>	134.3
Net interest	(25.5)	(37.3)			(25.5)	(37.3)
Tax	(5.6)	(14.8)	4.0	4.2	(1.7)	(10.7)
Minority interests	(11.6)	(14.6)	0.2	0.1	(11.3)	(14.4)
<b>Net profit after tax</b>	<b>36.1</b>	72.3	<b>(2.5)</b>	(0.3)	<b>33.6</b>	71.9

# Divisional YoY cost change

Constant Currency



# Operating Leverage\*



- Operating leverage has been cushioned by strong cost management – but remains high in Outdoor and our business with decentralised operations such as Aust Publishing and NZ Radio
- Leverage remains naturally high – but reductions in fixed costs have been effective and leave APN well positioned for any revenue recovery
- Currency impacts significantly on reported leverage – especially Outdoor

\* Operating leverage is the relationship between revenue movements and EBIT movements – high leverage indicates a high level of fixed costs

# 2009 H1 - Cash Flow

AUD millions	H1 09	H1 08
Operating cash flow exc exceptionals	92.8	150.4
Payments related to exceptionals	(6.6)	(10.0)
Net interest paid	(21.3)	(36.0)
Net tax paid	(9.6)	(22.7)
Capital expenditure/investment	(15.1)	(31.2)
Asset sales - exceptionals	13.0	-
Asset sales - other	2.3	7.7
Dividends – APN shareholders	(52.1)	(102.8)
Payments to minority interests	(15.1)	(20.0)
Share issues & other	99.8	3.3
<b>Total cash generated</b> before financing	<b>88.1</b>	<b>(61.3)</b>



# Free cash flow

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AUD millions

**H1 09**

H1 08

EBITDA (pre exceptionals)

**100.8**

158.1

Operating cash flow (pre exceptionals)

**92.8**

150.4

% of EBITDA

**92%**

95%

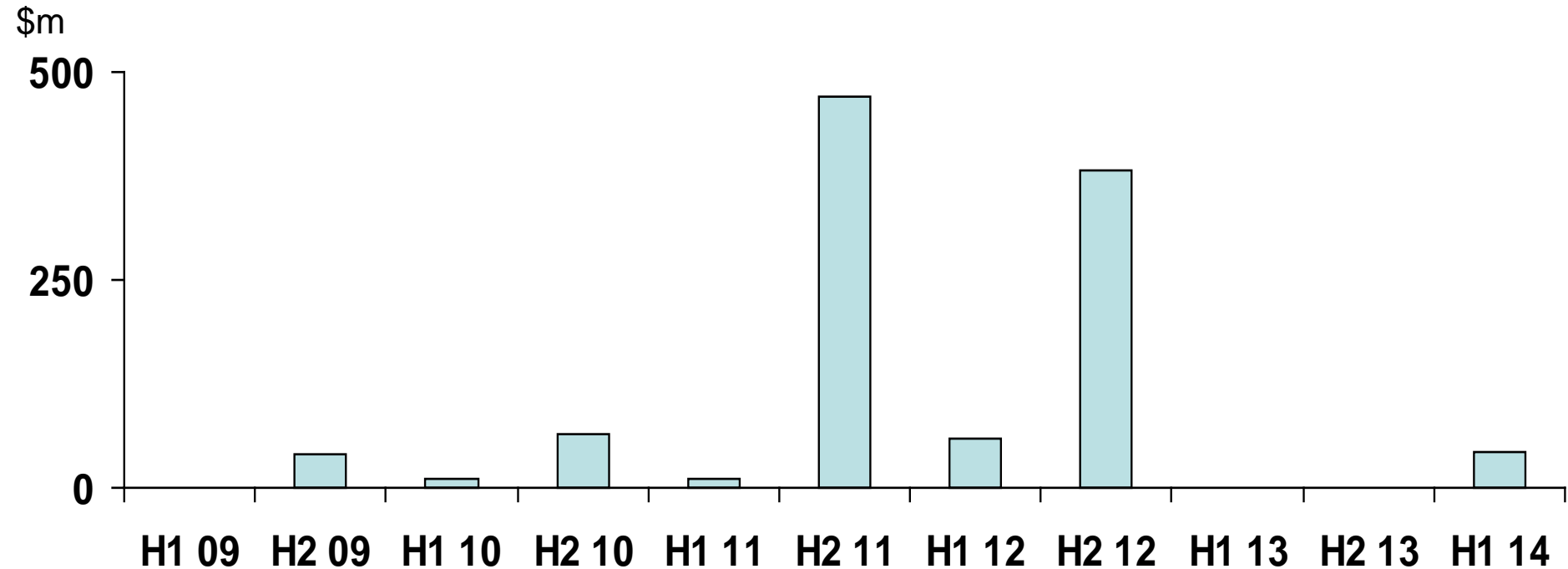
Adjusted for Adshel

**93%**

96%

# Debt maturity profile

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- \$250m undrawn facilities

# Senior Debt

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AUD millions	<b>June 2009</b>	Dec 2008	June 2008
Gross debt	<b>831</b>	963	921
Cash	<b>(30)</b>	(59)	(42)
Net Debt	<b>801</b>	904	879

# Exceptional items (including impairment)

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AUD millions	H1 09
Gains on asset sales	3.5
Redundancies and associated costs	(5.4)
Online establishment costs	(1.2)
Net investment impairments	(3.6)
<b>Net exceptional items (pre tax)</b>	<b>(6.7)</b>
Minority interest	0.2
Income tax credit	4.0
<b>Net exceptional items (post tax)</b>	<b>(2.5)</b>

# Currency and Tax

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	AUD/NZD		AUD/HKD	
<b>Exchange rates</b>	<b>2009</b>	2008	<b>2009</b>	2008
June half average	<b>1.251</b>	1.179	<b>5.51</b>	7.21
Full year average	<b>N/A</b>	1.192	<b>N/A</b>	6.63
Period end rate (June 09/Dec 08)	<b>1.263</b>	1.195	<b>6.26</b>	5.36

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Average tax rate (pre exceptionals)	2008	Half Year	14.5%
	2009	Half Year	10.6%

- NZ masthead dispute resolved favourably

# 2009 H1 Outlook

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- The Directors note that it is difficult to look forward with any certainty to the full year result in an environment where key indicators remain mixed in both Australia and New Zealand.
- Trading over the past three months has been challenging; however, the Directors are encouraged that more recently trading has stabilised, and for the first time this year, New Zealand Publishing earnings and Australian Outdoor bookings are ahead of last year.
- While 2009 will undoubtedly be a tough year, APN remains well positioned as a leading diversified media company with solid growth prospects when normal economic conditions return.



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