



MARKET ANNOUNCEMENT

CORRECTIONS TO FULL YEAR RESULTS MARKET ANNOUNCEMENT AND PRESENTATION

SYDNEY, 12 February, 2015 – APN News & Media Limited [ASX, NZX: APN] today announced its Preliminary Final Results.

In the Segment Result table on page 3 of the Market Announcement some brackets were missing from the 'Unallocated' EBITDA numbers. In addition, the Australian Regional Media EBITDA percentages in the last two columns in the table should have been '(16%)'. The totals for each column and other figures in the table were correct. A full copy of the revised Market Announcement is attached.

Slide 32 of the Presentation contained typographical errors in the 2014 column. The totals for this column were correct. A corrected version of slide 32 is attached.

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MARKET ANNOUNCEMENT

2014 Full year results: Profit increases 27%

- Net profit after tax before exceptional items up 27% to \$75.2m
- EBITDA from continuing operations and before exceptional items up 1% to \$164.1m
- Statutory net profit after tax of \$11.5m compared to profit of \$2.6m in 2013
- Strong earnings growth and market share gains in Australian radio
- Fifth consecutive year of revenue growth at Adshel
- Launch of NZME. through integration of APN NZ Publishing, The Radio Network and GrabOne in New Zealand

SYDNEY, 12 February 2015 – APN News & Media Limited [ASX, NZX: APN] today released its results for the 12 months ending 31 December 2014. Net profit after tax (NPAT) before exceptional items was \$75m, up 27 per cent on the prior corresponding period. Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items was up one per cent to \$164.1m, with revenue from continuing operations up three per cent to \$843.2m.

APN chairman Peter Cosgrove said: “This is an encouraging result for APN, and a continuation of the progress made during the first half of 2014. Just over 60 per cent of APN’s proportionate earnings are now in growth media compared to 44 per cent 12 months ago. It is also pleasing to see the growth in shareholder value commensurate with the positive performance of the business, something we have been working hard to achieve.”

In September, APN completed the refinancing of its debt facilities a year ahead of their expiry. The new facility expires in 2018.

Cash generated from operating activities was \$65m in line with the target of \$60-70m. A portion of this was used to complete the refinancing of the company’s debt facilities and to purchase further radio licences in New Zealand.

Continuing APN’s commitment to reducing debt, and improving the balance sheet, a dividend will not be paid at this time.

Trading Update

APN has had a positive start to 2015. While the first weeks of the year are generally not a long term indicator, January trading was similar to trends observed towards the end of 2014. Revenue is ahead of prior year in New Zealand, while the Australian Radio Network (ARN) continues to perform well. Moderation of revenue decline continues in Australian Regional Media (ARM). Overall, revenue is ahead of last year on a constant currency basis. While costs are up, in line with our strategy of investing for growth, EBITDA is slightly ahead of the same point in 2014.

Group financials

A\$ million	2014	2013
Revenue from continuing operations	843.2	817.2
EBITDA*	164.1	162.8
EBIT*	130.8	129.8
Net profit after tax*	75.2	59.3
Profit / (loss) from discontinued operations	(0.5)	0.3
Net profit after tax before exceptional items	74.7	59.5
Exceptional items	(63.2)	(56.9)
Profit attributable to shareholders	11.5	2.6

* From continuing operations and before exceptional items

In February 2014, APN completed the acquisition of the remaining 50 per cent of ARN and The Radio Network (TRN) from its US joint venture partner Clear Channel Communications Inc (Clear Channel). The acquisition delivered improved cash flows which continue to strengthen the company's balance sheet.

In July, APN acquired, also from Clear Channel, the remaining 50 per cent of its Hong Kong Outdoor businesses – Buspak and Cody.

In September, APN announced the launch of NZME, integrating the operations of the market-leading New Zealand businesses - APN NZ Publishing, The Radio Network and GrabOne.

In December, APN announced the acquisition of Perth radio station 96FM, completing the group's five capital city offering and making ARN the number one metropolitan radio group in Australia by audience.

APN chief executive officer Michael Miller said: "This year's result has continued APN's positive momentum and reflects strong market performances in what have been increasingly competitive conditions.

"During 2014, our focus was on delivering enhanced earnings through investing in our growth assets of radio and outdoor, identifying synergies, generating cash flow and managing costs across all APN businesses. We also continued with the integration of our businesses and diversification of our revenue streams, with a particular focus on digital revenues.

"The full acquisition of ARN, TRN and our Hong Kong Outdoor businesses, as well as our acquisition of 96FM, reflect our confidence in outdoor and radio as growth mediums and our belief in the leadership of our business units to further maximise these now wholly owned companies. This

approach has proved fruitful with these businesses recording strong revenue and EBITDA growth year on year.

“Under the leadership of Ciaran Davis, ARN has significantly increased its market share, and now has the largest audience of any metropolitan radio group in the country.

“Adshel has begun to realise the revenue opportunities of its Sydney Train digital screens contract which was fully deployed during the past year. The street furniture and digital out of home categories experienced revenue increases in 2014 which positions Adshel well for future growth.

“Through the formation of NZME, we have identified significant new revenue and cost saving opportunities. We are encouraged by the progress NZME’s newly installed management team, led by Jane Hastings, has made and are confident in its ability to accelerate the benefits from this integration process.

“Our regional publishing business, Australian Regional Media (ARM), has benefited from a deliberate focus on revenue diversification, stronger local positioning and cost management. Revenue declines have reduced and we expect EBITDA declines to further moderate this year.

“Over the past 12 months, we have strengthened our balance sheet and continue to focus on improving cash flows, repaying debt, and investing for growth.”

Segment result

AUD million	Revenue			EBITDA		
	2014	Local currency	As reported	2014	Local currency	As reported
NZME. Publishing	274.3	(10%)	(3%)	48.0	(17%)	(9%)
NZME. Radio	116.8	5%	14%	23.1	7%	16%
NZME. eCommerce	19.0	(4%)	4%	4.0	(22%)	(15%)
NZME Total	410.2	(6%)	2%	75.1	(11%)	(3%)
Australian Radio Network	180.9	18%	18%	66.5	14%	14%
Australian Regional Media	202.1	(7%)	(7%)	25.0	(16%)	(16%)
Outdoor	49.9	6%	13%	14.3	15%	16%
Unallocated	-	-	-	(16.8)	(9%)	(9%)
Total	843.2	(1%)	3%	164.1	(3%)	1%

NZME.

Following the integration of APN’s New Zealand businesses and the brand launch of NZME, APN is reporting on the performance of its combined New Zealand businesses for the first time.

Overall revenues were down six per cent year on year on a local currency basis to \$410.2m while EBITDA was down 11 per cent to \$75.1m. This is slightly above the NZME Business Update forecast provided to the market in November 2014. Revenue trends improved during the year; H2 revenue was flat on the prior year on a like for like basis. Reported H2 earnings reflect investment in new initiatives and integration costs. Underlying H2 trading performance has improved across all businesses compared to H1.

NZME. Publishing (formerly APN NZ Publishing) saw a revenue decline of four per cent (after adjusting for the impact of the sale of the South Island and Wellington newspaper titles) with an improved H2 where revenue was down two per cent. EBITDA was down 15 per cent for the year.

Newspaper circulation revenue was flat year-on-year, a satisfying result that reverses declines from previous years. *The New Zealand Herald* and several regional titles showed good year-on-year circulation improvements. Cost reductions of \$7m were partially offset by the investment in the business' printing agreement with Fairfax Media. This commenced in August 2014, and is delivering ongoing synergies and new revenues.

NZME. Publishing is on track to launch the first stage of its paid content model this year. Consistent with international markets, the investment is expected to result in new earnings for the business from year two.

In 2014, NZME. Radio (formerly TRN) successfully relaunched its ZM and The Hits FM stations with new talent and branding. NZME also launched new Auckland music station Mix 98.2. These initiatives have opened up new revenue opportunities.

NZME. Radio delivered a good performance with revenue up five per cent to \$116.8m and EBITDA up seven per cent on a local currency basis. This growth was driven by strong direct revenues which grew eight per cent year on year.

In December 2014, the New Zealand government auctioned a number of radio licences previously being leased to radio broadcasters. NZME invested \$7m in securing licences. While this impacted the cash generation target for the year, this investment was essential to ensure transmission to all major cities in the country and consolidate the position of NZME's NewstalkZB as the country's number one radio station.

NZME. eCommerce (GrabOne) saw revenue decline four per cent, with EBITDA down 22 per cent, both on a local currency basis. This downward trend has recently been reversed due to the staged release of an upgraded operating platform making deals more accessible across platforms. NZME. eCommerce's performance improved in the fourth quarter following its strategy to diversify revenues and more closely align with NZME's other businesses.

Across the NZME business, digital and new ventures revenue grew by 14 per cent year-on-year and delivered three record months in Q4 2014. They have also had a strong start to 2015.

In 2015, NZME has launched NZME. Events and NZME. Experiential, providing new revenue opportunities and expanding its customer offering.

NZME. Strategic update

In August 2014, APN announced it was considering the strategic options for its New Zealand businesses. In November 2014, APN disclosed information related to NZME's integrated business strategy and financial performance, with the goal of enhancing the market's understanding of the business. Positive feedback on the integration plans and resulting business strategies was received from shareholders and investors in both Australia and New Zealand.

Following a recent review of the progress of integration to date and our confidence in the future growth of NZME, it has been determined that to maximise value for APN shareholders, any potential

future divestment of NZME will be deferred for a least 12 months when the full benefits of the integration will be evident.

Benefits from the integration are already starting to be realised. In particular, the combined sales offering and access to a large, combined audience base is resonating well with advertisers. The growth in digital audiences and cross promotional benefits have also shown encouraging results. In addition, plans are being developed to co-locate the three business units in 2015, opening up even more synergistic opportunities across NZME. Management is confident in achieving the FY15 forecast that was released to investors in December with a strong start to the year.

ARM

The focus of ARM in 2014 has been on growing local and digital revenues, being more efficient and diversifying into non-print areas.

ARM's EBITDA was down \$4.7m to \$25.0m compared to a \$9.0m decline in 2013. Its revenues were down seven per cent to \$202.1m, which is almost half the rate of decline year on year. At the same time, the business realised \$10m of cost savings from back end operations and administration.

The closure of its Toowoomba printing facility in 2015, continuing the print site rationalisation program from seven sites to three, will also deliver further production efficiencies and cost savings.

Local advertising revenues were resilient, down just two per cent with local revenues now making up 78 per cent of total advertising revenue. Overall advertising revenues remain challenging due to weak national agency expenditure and uncertain growth in the Queensland market.

To address the challenging conditions of national agency revenues, in September, ARM re-positioned its brand and advertiser proposition to better educate media agencies on its offering, leading to an improved performance in Q4.

ARM now has a total weekly audience of 1.5m, the most in its history, representing year on year growth of 15.8 per cent. Digital revenues grew 39 per cent in line with its growing digital audience.

During the year, ARM launched a number of new initiatives including partnering with local businesses to offer programmatic trading as well as digital marketing and event services. It also added specialist titles to its portfolio of publications which are generating new revenues from new audiences.

Adshel

Year on year, Adshel revenue increased four per cent to \$147.2m while EBITDA fell six per cent to \$37.0m (after adjusting for the impact of the sale of the Adshel Infrastructure and Town & Park businesses at the end of 2013). The results reflect investments made in H1, primarily being rental payments for the Sydney Trains contract commencing a number of months prior to the roll-out and monetisation of digital inventory.

Adshel experienced a stronger H2 with revenue up eight per cent and EBITDA up three per cent on the prior year. This was due in part to key management appointments in Sydney as well as the retention and acquisition of key commercial contracts in Sydney and Adelaide.

Since launching the Sydney Trains digital network, Adshel attracted a number of new major advertisers who have utilised the interactive broadcast medium the assets offer including H&M, Air Asia, Expedia, Sunglass Hut and YouTube.

In 2015, Adshel will be focused on expanding its digital capabilities and will this year be increasing the number of screens across the Sydney Trains network by 50 per cent, investing in business

systems to enable a wider rollout of outdoor programmatic sales opportunities and launching a national beacons program.

Hong Kong Outdoor

APN's Hong Kong Outdoor businesses – Buspak and Cody – performed well despite challenging market conditions during the Occupy Central protests in Q4. In July, APN acquired the remaining 50 per cent of Buspak and Cody that it did not already own.

In 2014, EBITDA grew significantly to \$4.7m, due in part to contract improvements, while overall revenue was up six per cent to \$49.9m

The revenue increase is partly attributable to Buspak's launch of 30 Signature Buses with fully integrated advertising capabilities in December and improving Buzplay revenues; as well as the creation of a mega billboard format and the expansion of non-exclusive billboard sites.

The collective South East Asian, Chinese and Hong Kong outdoor advertising market has grown 24 per cent over the last four years and is forecast to grow nearly 50 per cent over the next four years. This growth represents an opportunity for APN to expand across the region, utilising the executive team in Hong Kong.

In H2, APN appointed two senior executives to its team in Hong Kong. Patrick Chaundy will identify and lead expansion opportunities in other Asian outdoor markets, while Sammy Choi was appointed CFO.

ARN

ARN was the standout performer in the Australian media industry during 2014.

While the Australian metropolitan radio market grew three per cent in 2014, ARN revenues grew 18 per cent to \$180.9m and EBITDA grew 14 per cent to \$66.5m – it's most successful year to date. H2 revenues were up 28 per cent compared to the five per cent growth in the metropolitan radio market.

ARN agency revenues grew 32 per cent year on year to \$109.6m reflecting the benefits of significant audience and ratings gains during the year.

This growth is a credit to ARN's chief executive Ciaran Davis and the ARN team who have worked hard to attract high-profile talent, intelligently invest in effective marketing strategies and create strong brands which resonate well with their audiences.

ARN had a particularly strong year in Sydney following the rebrand of its Mix station to KIIS 1065 and the repositioning of WSFM to 'Pure Gold'. The stations finished number two and number one respectively in the commercially lucrative Sydney market.

Following the success of Sydney in 2014, ARN has recently relaunched its Melbourne Mix station to KIIS 101.1, signing Matt Tilley to join existing co-host Jane Hall as breakfast presenters for the station. The highly successful radio team of Dave Hughes and Kate Langbroek also joined the network as hosts of KIIS' national drive program as the KIIS brand extended to ARN's already successful Brisbane and Adelaide stations.

At the end of 2014, APN announced the acquisition of 96FM in Perth, completing ARN's national footprint. 96FM will be integrated into the KIIS network, creating a complete and easy offering for national advertisers to reach the commercially lucrative females 25-44 and 25-54 all people demographics.

Driven by the success of ARN's stations, the network delivered large gains in social media and digital audiences. Across all its social media sites, ARN has a collective audience of over 1.4 million, while its

websites experienced a 184 per cent growth in audience to an average of 1.3 million people a month.

iHeartRadio

iHeartRadio offers advertisers targeted advertising campaigns, content integration, user data and an engaged audience, opening up new revenue opportunities for APN. In addition, iHeartRadio is an important component of the advertiser proposition for APN's radio businesses.

iHeartRadio's registered user base in Australia and New Zealand more than doubled to more than 632,000. The membership growth was partly driven by an increase in iHeartRadio live experiences. In 2014, iHeartRadio in Australia and New Zealand collaborated with a number of music artists including Kylie Minogue, Lily Allen, Ed Sheeran and Neil Finn to bring audiences closer to their favourite music artists.

Digital

APN has a continued focus on growing digital revenues and audiences. This was evidenced by ARM's 35 per cent growth in digital revenues, ARN's 33 per cent growth in digital revenues, Adshel's entrance into digital out of home innovation and NZME's leadership in digital content and audiences where it is the number one media company in the New Zealand digital market, number six overall.

In 2014, APN's digital revenues grew and now make up seven per cent of APN's overall revenues.

Mr Miller concluded: "In 2014, we continued to evolve APN. We are well positioned to continue providing large, defined and engaged audiences; as well as unique and effective business solutions for our advertisers. We are committed to delivering value for our shareholders through integration, collaboration and diversification across our businesses."

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EXCEPTIONAL ITEMS

FROM CONTINUING OPERATIONS

A\$ million	2014	2013
Profit / (loss) on disposal of properties and businesses	5.8	(0.7)
Redundancies and associated costs	(8.9)	(10.7)
Asset write downs and business closures	(8.4)	(12.5)
Impairment of intangible assets	(49.7)	-
Costs relating to one off projects*	(12.4)	-
Foreign exchange gains	2.2	-
Adjustment to provisions for earn out payments and put option liabilities	-	4.7
Reversal of impairment of investment in associate	-	3.0
	(71.5)	(16.1)
Income tax credit	11.3	6.7
Write off of Australian tax losses	(6.0)	-
Exceptional items, net of tax	(66.2)	(9.4)

* Costs relating to one off projects includes costs of refinancing and NZME related costs