



**NZME.** NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

# KEEPING KIWIS IN THE KNOW

**2021 HALF YEAR RESULTS**

Six months to 30 June 2021

24 August 2021

**EVERYONE'S HERE.**

# AGENDA

Results Summary	3
Market Dynamics	4
Divisional Performance and Strategy	8
2021 Half Year Financial Results	22
Capital Management	27
Outlook	29
Q&A	30
Supplementary Information	31



# RESULTS SUMMARY

For the half year ending 30 June 2021

- Earnings growth reflects continued progress on strategic priorities and revenue recovery post Covid-19:
  - Continued **growth in Radio revenue market share** and iHeartRadio listening.
  - Growth of NZ Herald subscribers with 178,000 subscribers of which – **more than 67,000 are paid digital subscribers**. Total reader revenue up 3%.
  - OneRoof continues to grow; **digital revenue increasing 145%** compared to the same period last year, with total OneRoof revenue up 30%.
- Annualised \$20 million of permanent cost-base reduction versus 2019 is reflected in the results, with overall higher costs versus 2020 as a result of increased revenue and volume.
- Operating EBITDA<sup>1</sup> \$30.1 million, up 4% despite 2020 including \$8.6 million of government subsidies.
- Statutory Net Profit After Tax of \$5.6 million, up 85%.
- Net debt reduced by \$15.2 million, in the half, to \$18.6 million.
- Fully imputed and fully franked interim dividend declared of 3.0 cents per share.

1. Operating results presented include the impact of standard NZ IFRS 16 adjustments, however, exclude exceptional items to allow for a like for like comparison between 2020 and 2021 financial years. Please refer to pages 33-34 of this results presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

## \$172.5m

Operating Revenue<sup>1</sup>

H1 2020 \$157.8m ▲ 9%

## \$30.1m

Operating EBITDA<sup>1</sup>

H1 2020 \$28.9m ▲ 4%

## \$5.6m

Statutory NPAT

H1 2020 \$3.0m ▲ 85%

## \$7.8m

Operating NPAT<sup>1</sup>

H1 2020 \$6.8m ▲ 14%

## 3.9cps

Operating EPS<sup>1</sup>

H1 2020 3.5cps ▲ 13%

## 3.0 cps

Interim Dividend

Payable on 22 Sep 2021

## \$18.6m

Net Debt

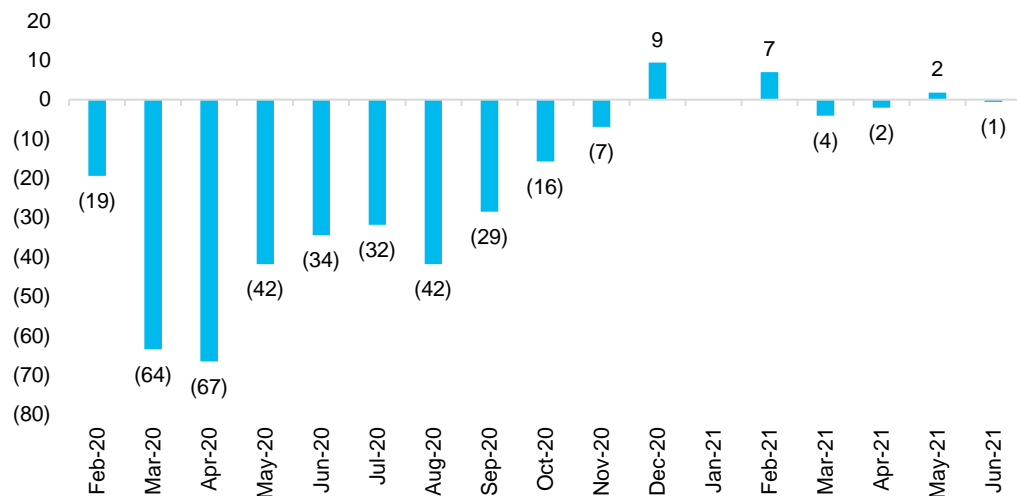
Reduced by ▼ \$15.2m

# MARKET DYNAMICS



# IMPROVED BUSINESS CONFIDENCE

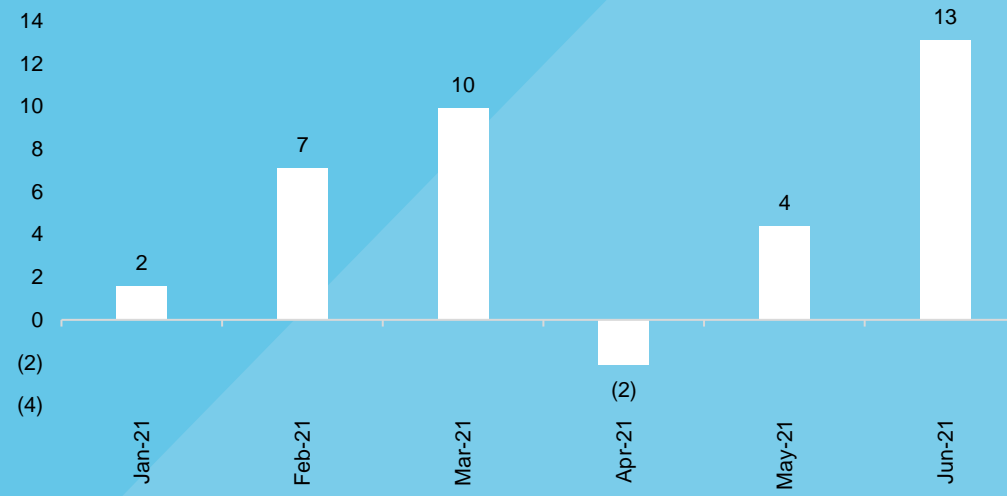
Monthly Business Confidence – Net Index



- The ANZ Business Confidence Index<sup>1</sup> for New Zealand had continued to be positive in February following the December 2020 reading, then dropping back nearing the end of June 2021.

# AGENCY MARKET RETURNED TO GROWTH

Monthly agency revenue growth % vs 2019<sup>2</sup>



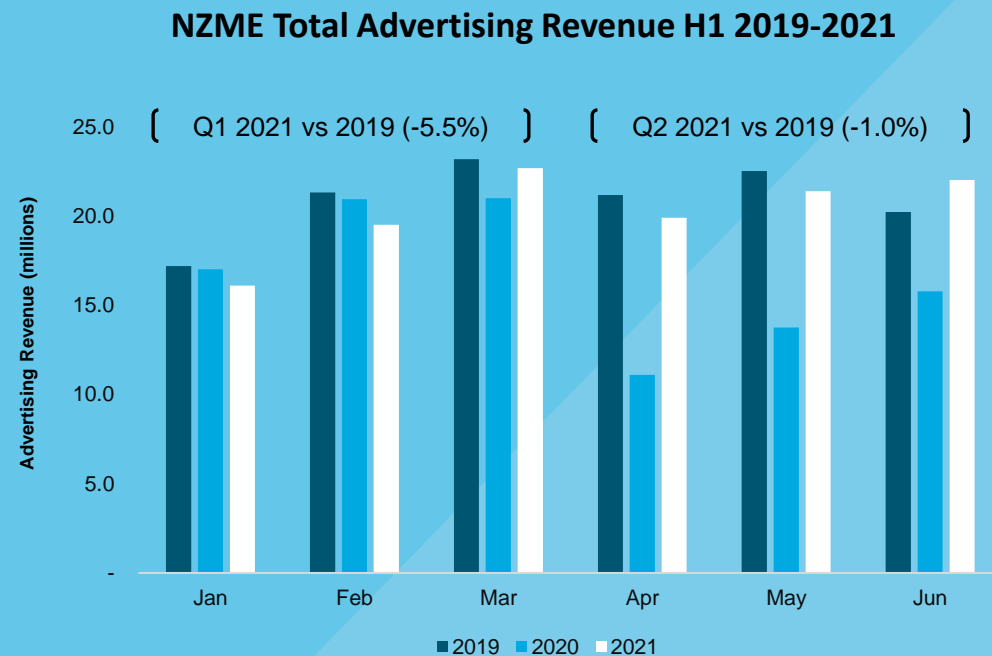
- Agency advertising market was up 6% in the first half of 2021 compared to H1 2019. In the platforms where NZME operates, the agency trends for the total market compared to H1 2019 are as follows:
  - Radio advertising down 2%.
  - Newspaper advertising down 31%
  - Digital advertising was up 20%

1. Net Index (% expecting improvement minus % expecting deterioration)

2. Standard Media Index (SMI) NZ Data Release, June 2021

# REVENUE IS RECOVERING POST COVID

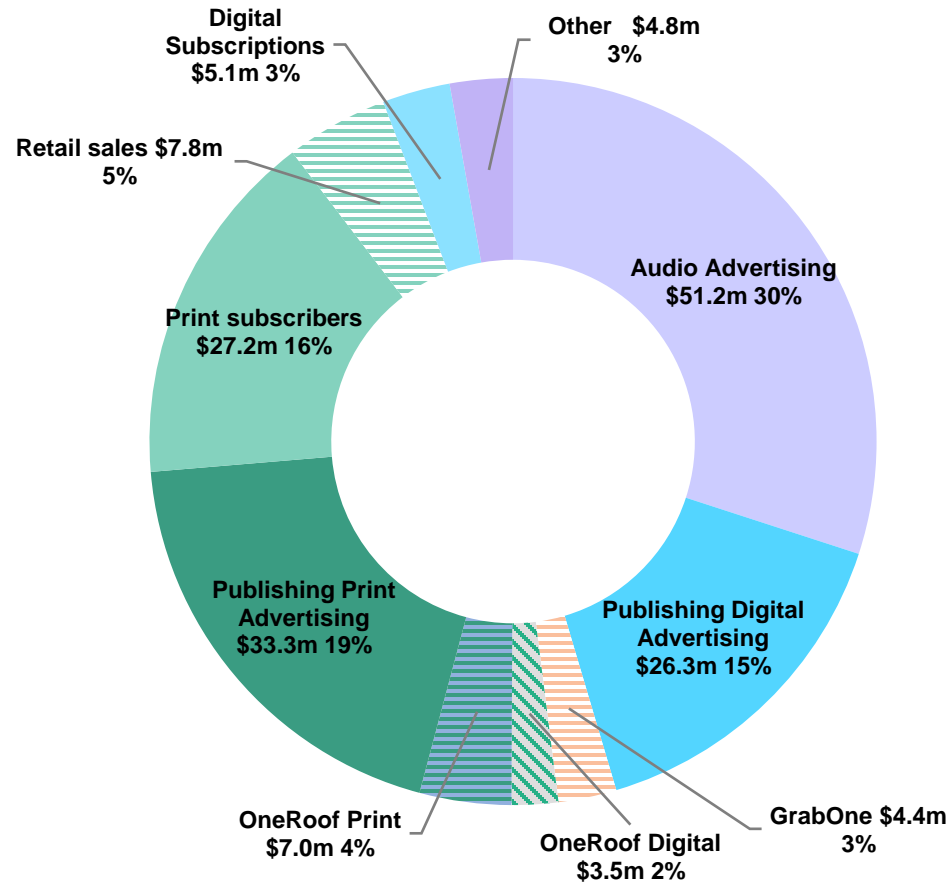
- NZME is focused on advertising revenue performance compared to 2019.
- Advertising revenue for H1 2021 was 3.2% lower than the first half of 2019. However, for the month of June, revenue was higher than June 2019.
- The first quarter of 2021 was tracking down 5.5% compared to Q1 2019. In the second quarter advertising revenue has continued to recover, with a decline of 1% on Q2 2019.



Advertising Revenue	% change (H1 2020)	% change (H1 2019)
Audio	18.5%	(3.6%)
Publishing	22.1%	(3.9%)
OneRoof	45.8%	(0.9%)

# NZME CONTINUES TO OUTPERFORM THE MARKET

## H1 2021 Total Segment Revenue \$170.6m



### Print circulation (YoY growth)

NZME print circulation revenue	(4.0%)
NZME movement – print readership <sup>1</sup>	23.4%
Market movement – print readership <sup>1</sup>	11.3%

### Print readership Market Share

NZME print readership market share <sup>1</sup>	56.7%
---	-------

### Print advertising (YoY growth)

NZME print advertising revenue <sup>5</sup>	14.5%
Market movement – Print revenue <sup>2</sup>	11.1%

### Print advertising Market Share

NZME print revenue market share <sup>2</sup>	47.8%
--	-------

### Radio advertising (YoY growth)

NZME radio advertising revenue	18.5%
Market movement – Radio revenue <sup>3</sup>	15.4%

### Radio advertising Market Share

NZME radio revenue market share <sup>3</sup>	40.9%
--	-------

### Digital display advertising (YoY growth)

NZME total display advertising revenue <sup>4</sup>	22.7%
Market movement – total display revenue <sup>4</sup>	21.5%

### Digital display advertising Market Share

NZME total display revenue market share <sup>4</sup>	24.3%
--	-------

1. Nielsen CMI Fused Q2 20 – Q1 21, People 15+.

2. PwC NPA quarterly performance comparison report, 6 months to June 2021 compared to 2020, rolling 4-quarter average for market share.

3. PwC Radio advertising market benchmark report, 6 months to June 2021 compared to 2020, rolling 12-month average for market share. Note: report excludes independent broadcasters and contra revenue.

4. IAB NZ Digital advertising revenue report – Total Display, Q1 2021 compared to Q1 2020, rolling 4-quarter average for market share up till Q1 2021. Q2 report not available yet. Note: excludes digital audio

5. This includes publishing and OneRoof print advertising revenue



# DIVISIONAL PERFORMANCE



# LEADING AUDIENCE AND CUSTOMER CENTRIC BRANDS



**NZME reaches over 3.4 million New Zealanders<sup>5</sup>**

1. Nielsen CMI Q2 20 – Q1 21 AP15+  
 2. GfK RAM, Commercial Radio, Total NZ 2/2021, M-S 12mn-12mn, M-F 6am-9am, Share %, AP10+ & M-F 6am-9am, Share %, AP25-54  
 3. Nielsen Online Ratings June 2021 AP15+ (excludes APP)  
 4. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz as at June 2021.  
 5. Nielsen CMI Fused Q2 20 – Q1 21 June 2021 AP15+

\$ million	H1 2021	H1 2020	% change	H1 2019
Radio advertising	49.6	42.3	17%	52.4
Digital audio advertising	1.6	0.9	70%	0.7
Other	0.6	4.6	(87%)	0.9
<b>Audio revenue</b>	<b>51.8</b>	<b>47.9</b>	<b>8%</b>	<b>54.0</b>
People & Contributors	(25.8)	(24.3)	6%	(26.4)
Agency Commission & Marketing	(9.4)	(7.0)	33%	(9.5)
Content	(3.2)	(2.8)	17%	(3.7)
Other	(4.5)	(4.2)	7%	(6.5)
<b>Audio expenses</b>	<b>(42.9)</b>	<b>(38.3)</b>	<b>12%</b>	<b>(46.0)</b>
<b>Audio EBITDA<sup>1</sup> (incl. NZ IFRS 16)</b>	<b>8.8</b>	<b>9.6</b>	<b>(8%)</b>	<b>7.9</b>
NZ IFRS 16 Adjustment	(3.7)	(3.0)	24%	(3.4)
<b>Audio EBITDA<sup>1</sup> (pre NZ IFRS 16)</b>	<b>5.1</b>	<b>6.6</b>	<b>(23%)</b>	<b>4.6</b>
<b>EBITDA<sup>1</sup> Margin (pre NZ IFRS 16)</b>	<b>10%</b>	<b>14%</b>	<b>-4 ppt</b>	<b>8%</b>

# AUDIO

For the 6 months ending 30 June 2021

- Advertising revenue growth for H1 2021 more than offset the lower 'other' revenue due to the government wage subsidy received in 2020 (\$3.7m). Audio advertising revenue was 3.6% below H1 2019 as market recovers.
- Radio revenue market share grew year-on-year to 40.8% in 2021, up from 39.7% for the comparable period<sup>2</sup>.
- iHeartRadio revenue grew 70% in 2020 to \$1.6 million, supported by significant growth in users and engagement in music and podcasts<sup>3</sup>.
- Higher advertising revenue has resulted in higher costs in terms of content licence fees and sales commissions.
- EBITDA<sup>1</sup> margin was higher than H1 2019, given the permanent cost reductions. H1 2020 margin was artificially high due to the impact of the wage subsidy.

1. EBITDA is a non-GAAP measure which excludes exceptional items (redundancy costs, one-off projects and other exceptional items).

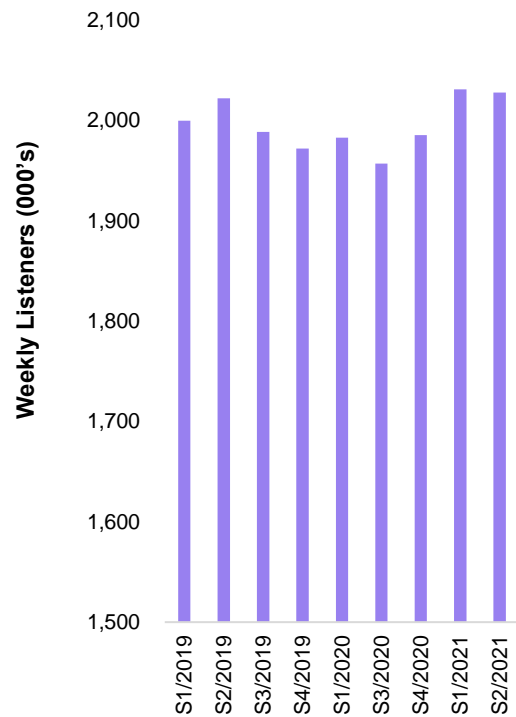
2. PwC Radio advertising market benchmark report, June 2021, 6 months to 30 June 2021 vs 6 months to 30 June 2020. Note: report excludes independent broadcasters and contra revenue.

3. iHeartMedia, Adobe Analytics, June 2021.

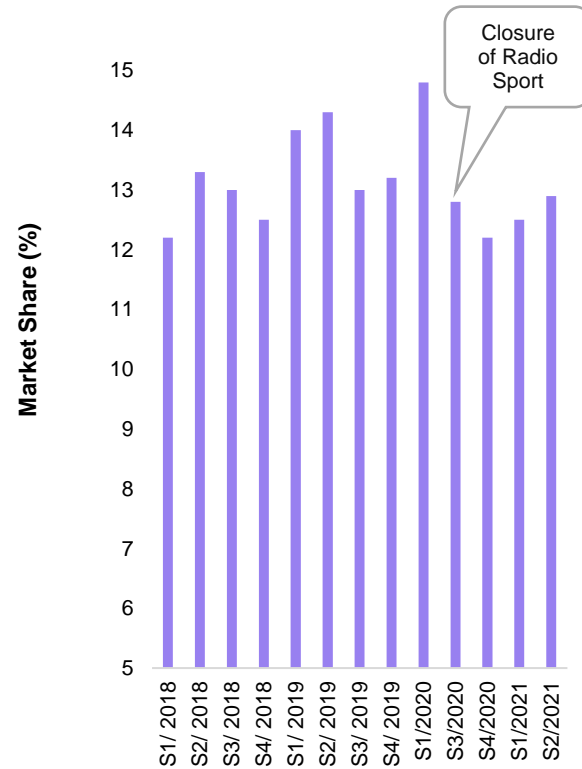
Note: Totals may not sum due to rounding

# AUDIO LISTENERS MARKET SHARE

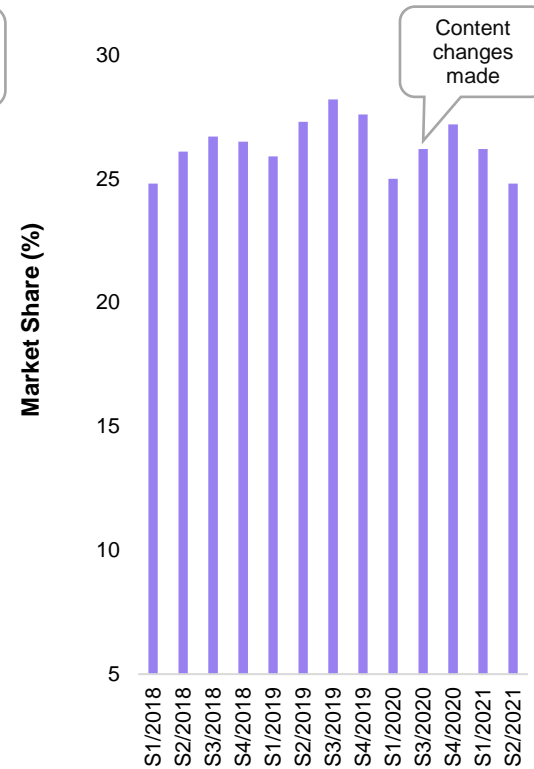
**NZME Radio weekly listeners –Total including partners<sup>1</sup>**



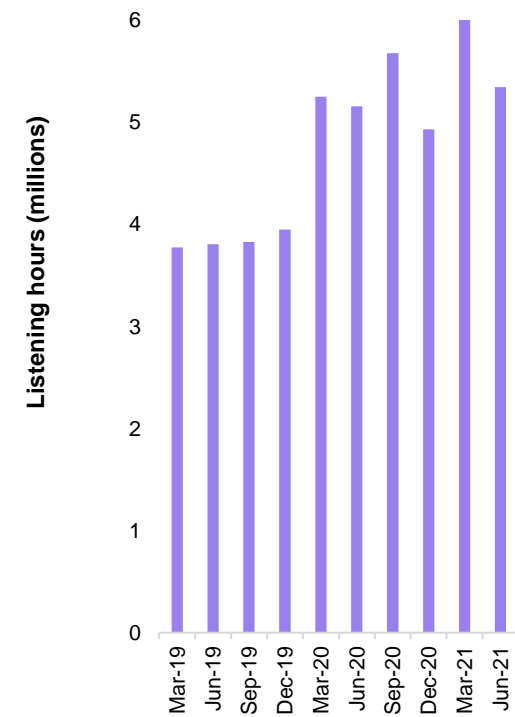
**NZME Talk Radio – Major Markets All 10+ Share<sup>2</sup>**



**NZME Music Radio – Major Markets 25-54 Share<sup>3</sup>**



**iHeartRadio Monthly Total Listening Hours (million)<sup>4</sup>**



1. GfK Radio Audience Measurement, Commercial Stations, NZME and Partners, Cumulative Audience, Total NZ, S1 2019-S2 2021. AP10+.

2. GfK Radio Audience Measurement, Commercial Talk Stations, NZME, Market Share, Major Markets, S1 2019-S2 2021, AP10+. Note: Radio Sport closed prior to S3 2020.

3. GfK Radio Audience Measurement, Commercial Music Stations, NZME, Market Share, Major Markets, S1 2019-S2 2021, AP25-54. Note: Gold included from S3 2020.

4. AdsWhizz and StreamGuys, TLH as at EOM

# NEW ZEALAND'S LEADING AUDIO COMPANY



Metric	FY 2020 Achievement	H1 2021	2023 Target	Progress Update
<b>NZME share of total audience</b>	35.6% <sup>1</sup>	34.4% <sup>1</sup>	> 1% share point growth per annum	<ul style="list-style-type: none"> <li>• Breakfast show audiences have grown for the 25-54 demographic across 8 of the 9 radio brands<sup>1*</sup></li> <li>• Key on-air host contracts extended across major brands</li> <li>• Frequency extension and optimisation in Northland supporting Hits, Coast and Flava</li> <li>• New local shows added in Manawatu, Taranaki and Wellington</li> <li>• iHeartRadio growth with total listening hours across radio brands up 9% YOY and podcast consumption is up 14%<sup>4</sup></li> </ul>
<b>Radio Revenue Share</b>	40.4% <sup>2</sup>	40.9% <sup>2*</sup>	> 1% share point growth per annum	<ul style="list-style-type: none"> <li>• Radio revenue share 12 month rolling average is now at 40.9%</li> <li>• Enhanced regional management structures have been established. Sales academies and sales management training completed</li> <li>• Localised tactical revenue growth strategies in place including best sales and on-air talent</li> </ul>
<b>Digital audio revenue as a % of total audio revenue</b>	2.4%	3.2%	5%	<ul style="list-style-type: none"> <li>• Producing more shows and partnering with existing shows to create more ad inventory, with ad impressions doubling year-on-year</li> <li>• Delivering higher yield rates through iHeartRadio, increasing 63% from the start of H1 to Jun 21</li> <li>• Head of Digital Audio commenced in H1 2021</li> </ul>
<b>EBITDA<sup>3</sup> Margin Target (pre NZ IFRS16)</b>	<b>14%</b>	<b>10%</b>	<b>15 – 17%</b>	

1. GfK Radio Audience Measurement, Commercial Stations, NZME excl. Partners, Market Share %, S4 2020 – S2 2021, AP10+. 1\* Cumulative Audience (000s), S2 2021 compared to S1 2021, AP25-54  
 2. PwC Radio advertising market benchmark report, Dec 2020, 12 months to 31 Dec 2020, 2\* June 2021 Rolling 12-month average. Note: report excludes independent broadcasters and contra revenue.  
 3. EBITDA is a non-GAAP measure and is presented as excluding the impact of NZ IFRS 16, however excluding exceptional items (redundancy costs, one-off projects and other exceptional items).  
 4. Adswizz AudioMetrix incl Tableau TLH Jan-Jun 2021, Spreaker Jan-Jun 2021

\$ million	H1 2021	H1 2020	% change	H1 2019
Print subscriptions	27.2	27.5	(1%)	27.8
Digital subscriptions	5.1	2.4	111%	0.2
Retail outlet sales	7.8	8.9	(13%)	10.7
<b>Total reader revenue</b>	<b>40.2</b>	<b>38.9</b>	<b>3%</b>	<b>38.7</b>
Print advertising	33.3	29.4	13%	41.8
Digital advertising	26.3	19.4	35%	20.2
<b>Total advertising revenue</b>	<b>59.6</b>	<b>48.9</b>	<b>22%</b>	<b>61.9</b>
Other	4.4	9.5	(54%)	10.0
<b>Publishing revenue</b>	<b>104.1</b>	<b>97.3</b>	<b>7%</b>	<b>110.6</b>
People & Contributors	(39.0)	(38.2)	2%	(42.5)
Print & Distribution	(22.2)	(19.8)	12%	(26.0)
Agency Commission & Marketing	(10.9)	(8.3)	31%	(9.9)
Content	(3.9)	(3.3)	17%	(3.5)
Other	(6.3)	(7.1)	(12%)	(7.8)
<b>Publishing expenses</b>	<b>(82.2)</b>	<b>(76.8)</b>	<b>7%</b>	<b>(89.8)</b>
<b>Publishing EBITDA<sup>1</sup> (incl. NZ IFRS 16)</b>	<b>22.0</b>	<b>20.5</b>	<b>7%</b>	<b>20.9</b>
NZ IFRS 16 Adjustment	(4.1)	(3.7)	10%	(4.3)
<b>Publishing EBITDA<sup>1</sup> (pre NZ IFRS 16)</b>	<b>17.9</b>	<b>16.8</b>	<b>6%</b>	<b>16.5</b>
<b>EBITDA<sup>1</sup> Margin (pre NZ IFRS 16)</b>	<b>17%</b>	<b>17%</b>	<b>0 ppt</b>	<b>15%</b>

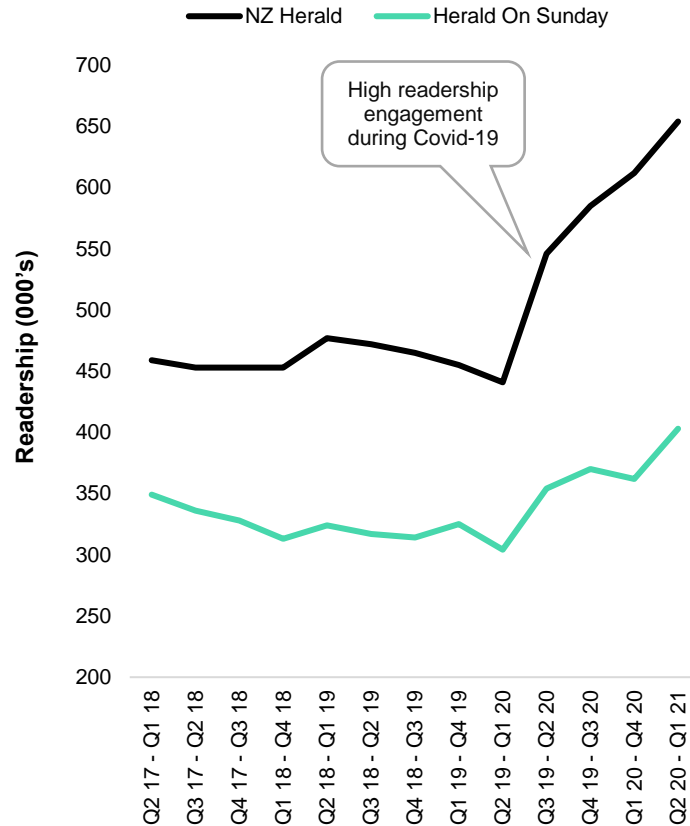
# PUBLISHING

For the 6 months ending 30 June 2021

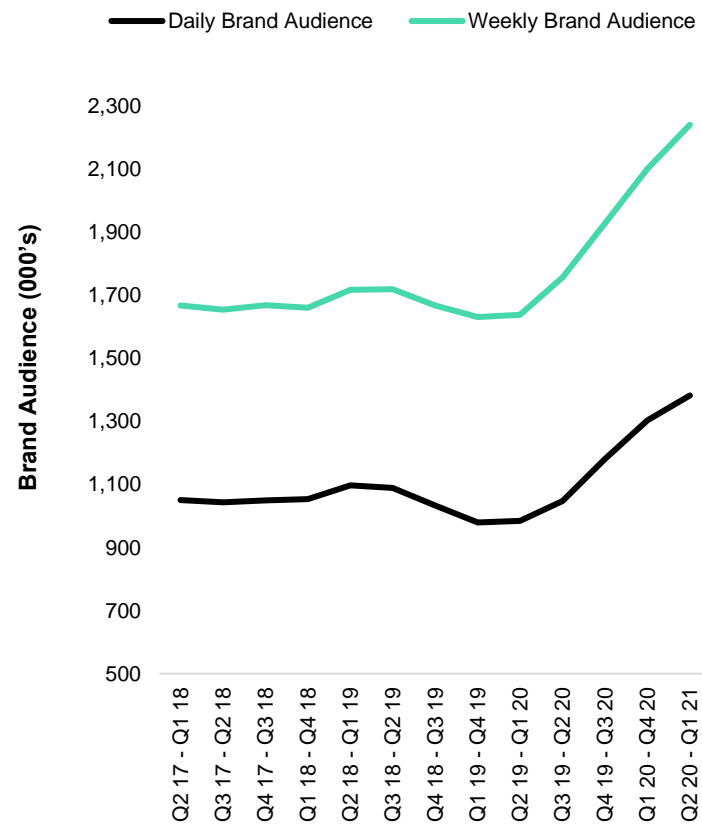
- Growth in total reader revenue of 3% with significant growth in digital reader revenue offsetting the 4% decline in print reader revenue year-on-year.
- Print subscriber revenue decline of 1% due to a 4% decline in volume, partially offset by a 3% increase in yield.
- Digital subscriber revenue growth of \$2.7 million driven by subscriber volume - 14,000 digital subscribers added in the half.
- Print advertising revenue is up 13% year-on-year, largely due to the recovery of revenue after the impacts of Covid-19 on H1 2020 revenues.
- Digital advertising revenue growth of 35%, as a result of increased demand post Covid-19 and improved yield.
- Total advertising revenue up 22% and within 4% of 2019 advertising revenues.
- Other publishing revenue in 2020 included \$4.2 million of government wage subsidy received in H1 2020.
- Print & Distribution expenses are up 12% year on year due to increased volume relating to Covid-19 impacts on H1 2020.
- Content expenses are up 17% year on year reflecting the increased re-sale of digital services.
- EBITDA<sup>1</sup> increased year-on-year by \$1.5 million, with EBITDA margin increasing from 2019.

# BRAND AUDIENCE INCREASING

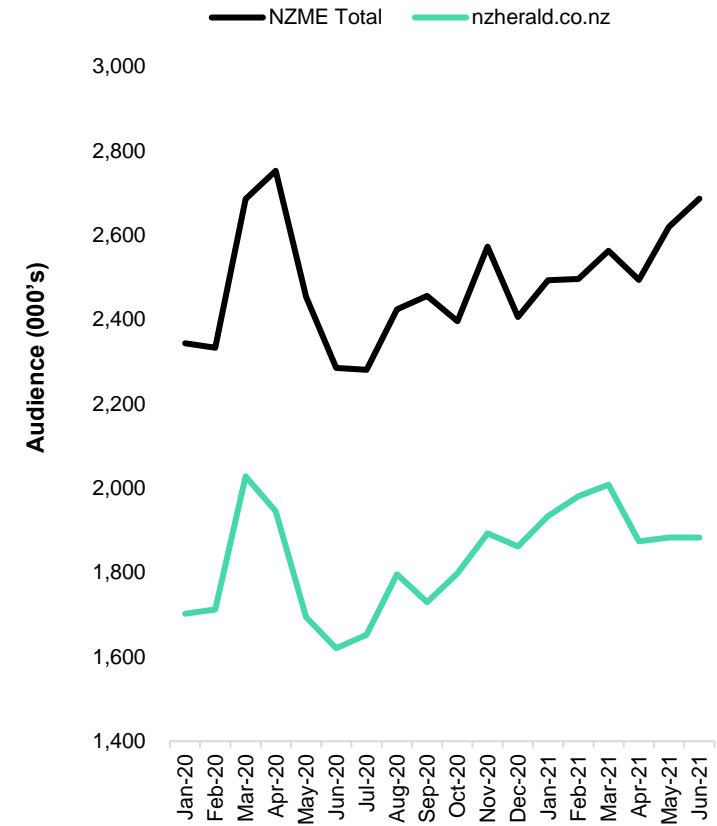
**NZ Herald (Mon-Sat) and Herald on Sunday Average Issue Readership<sup>1</sup>**



**NZ Herald Daily and Weekly Brand Audience<sup>1</sup>**



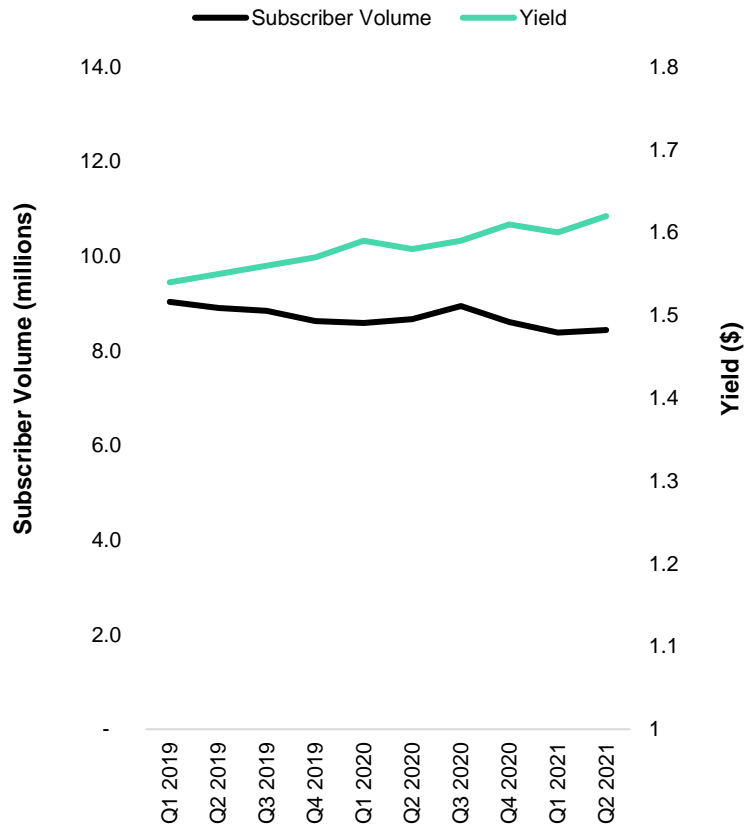
**NZME Total Monthly Digital Users<sup>2</sup>**



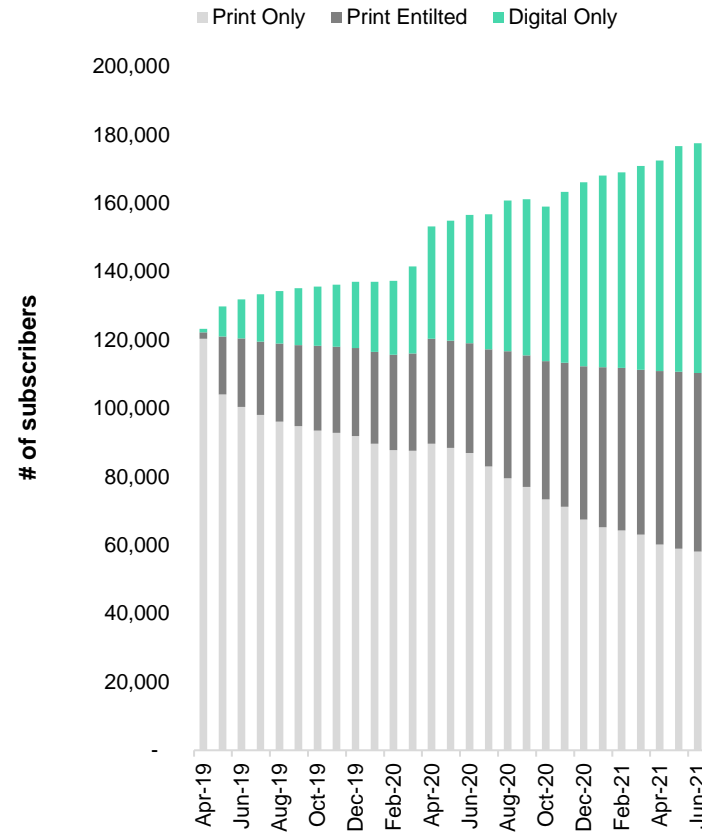
1. Nielsen CMI Q2 17 – Q1 21, AP 15+, average issue readership trend.  
 2. Nielsen CMI Q1 20 – Q1 21, June 2021, AP 15+.

# TOTAL SUBSCRIBERS GROWING

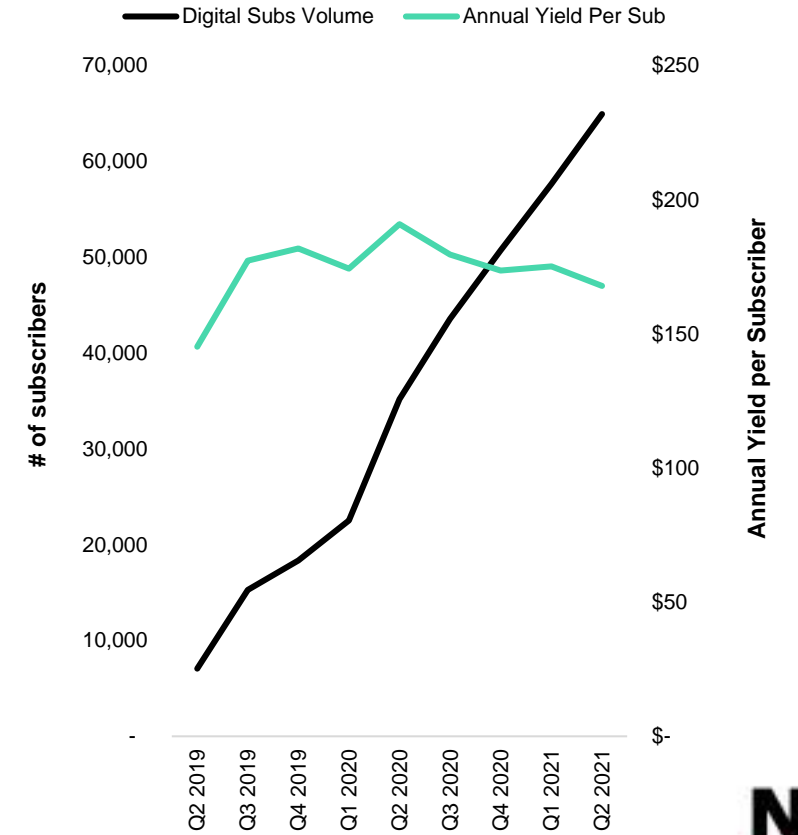
**Print Subscriber Volume and Yield<sup>1</sup>**



**Subscriptions Mix**



**Digital Subscription Volume and Yield**



1. Subscriber volume drives revenue and represents the count of individual paid papers delivered including the NZ Herald, Herald on Sunday and Regionals. Subscriber yield includes promotional volumes.

# NEW ZEALAND'S HERALD



Metric	FY 2020 Achievement	H1 2021	2023 Target	Progress Update
<b>Subscription Volume Target</b>	169,000 subscribers	177,545	More than 210,000 subscribers by 2023 year-end	<ul style="list-style-type: none"> <li>Increased retail and subscription prices of newspapers</li> <li>Maintained position as NZ's #1 news site for 11 months<sup>3</sup></li> <li>Grew regional content for Wellington and Christchurch</li> <li>Partnership with Maori TV, Newshub and PMN to grow diversity in journalism</li> <li>Improving funnel and conversion performance utilising enhanced A/B testing program and introducing Google social sign in to drive registration and logins</li> <li>Implemented story commenting for digital subscribers and comment reading for registered users to enhance audience engagement</li> <li>Launched new email onboarding series to drive 100-day habit</li> <li>Commenced development of improved propensity to churn model</li> </ul>
<b>Subscription Volume Mix</b>	32% / 68%	38% / 62%	Digital Only > Print	
<b>% Households Subscribing</b>	9% <sup>1</sup>	9.5% <sup>1</sup>	> 12% by year-end	
<b>Advertising Revenue Mix</b>	42% Digital	44%	> 45% Digital	
<b>EBITDA<sup>2</sup> Margin Target (pre NZ IFRS16)</b>	20%	17%	19 - 20%	

1. Stats.govt.nz Dwelling and household estimates: June 2021 quarter

2. EBITDA is a non-GAAP measure and is presented as excluding the impact of NZ IFRS 16, however excluding exceptional items (redundancy costs, one-off projects and other exceptional items).

3. Nielsen Online Ratings Aug 2020 – Jun 2021



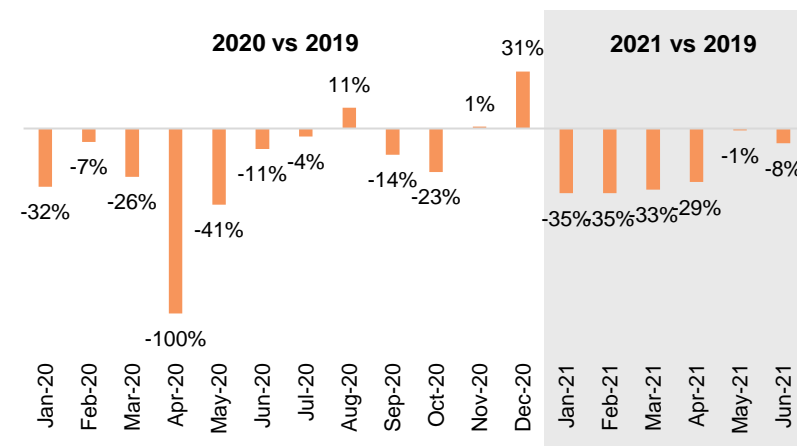
\$ million	H1 2021	H1 2020	% change	H1 2019
Print	7.0	5.8	19%	9.3
Digital	3.5	1.4	145%	1.3
Other	-	0.8	(95%)	0.1
<b>OneRoof revenue</b>	<b>10.5</b>	<b>8.1</b>	<b>30%</b>	<b>10.7</b>
People & Contributors	(3.1)	(3.2)	(2%)	(4.0)
Print & Distribution	(3.7)	(2.6)	39%	(3.6)
Agency Commission & Marketing	(2.3)	(0.5)	331%	(1.0)
Content	(0.6)	(0.7)	(12%)	(0.5)
Other	(0.4)	(0.4)	(2%)	(0.8)
<b>OneRoof expenses</b>	<b>(10.1)</b>	<b>(7.4)</b>	<b>36%</b>	<b>(10.0)</b>
<b>OneRoof EBITDA<sup>1</sup> (incl. NZ IFRS 16)</b>	<b>0.4</b>	<b>0.6</b>	<b>(31%)</b>	<b>0.8</b>
NZ IFRS 16 Adjustment	(0.2)	(0.2)	10%	(0.3)
<b>OneRoof EBITDA<sup>1</sup> (pre NZ IFRS 16)</b>	<b>0.2</b>	<b>0.4</b>	<b>(56%)</b>	<b>0.5</b>
<b>EBITDA<sup>1</sup> Margin (pre NZ IFRS 16)</b>	<b>2%</b>	<b>5%</b>	<b>-3 ppt</b>	<b>4%</b>
Total Real Estate revenue across all NZME brands	20.5	15.3	34%	20.3

# ONEROOF

For the 6 months ending 30 June 2021

- OneRoof print revenue significantly impacted for Jan-Apr 2021 given 'booming' property market and reduced periods of advertising.
- Digital classifieds revenue of \$3.5 million in H1 2021, of which 70% relates to listings.
- Other revenue included \$0.7m of government wage subsidy in H1 2020.
- Increased investment in marketing to continue to grow revenue and audience.
- EBITDA<sup>1</sup> of \$0.4 million, down on H1 2020 while investment made in growing the business.

OneRoof Print Monthly Revenue Growth

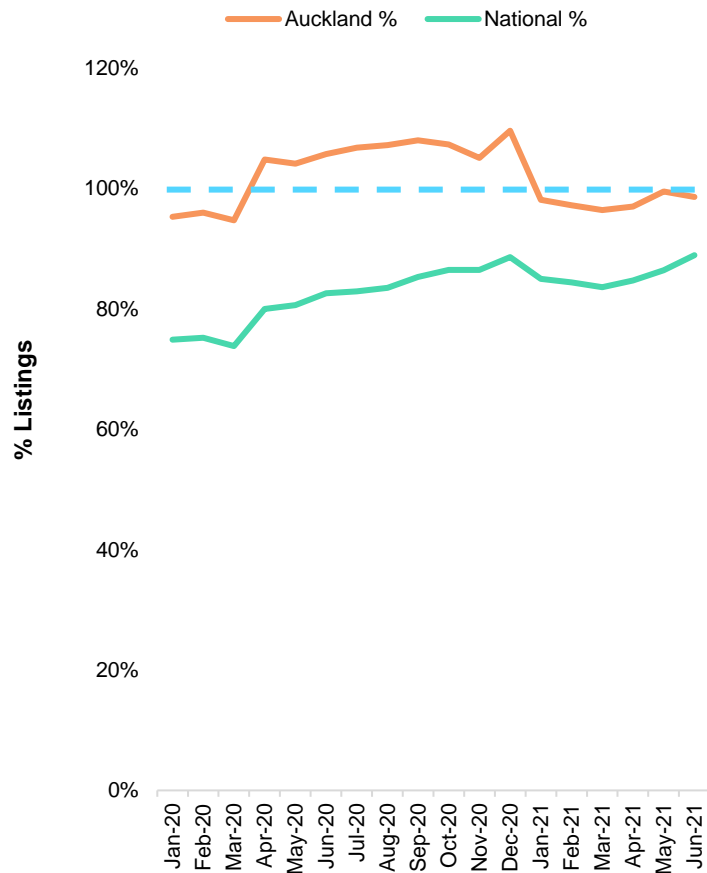


1. EBITDA is a non-GAAP measure which excludes exceptional items (redundancy costs, one-off projects and other exceptional items).

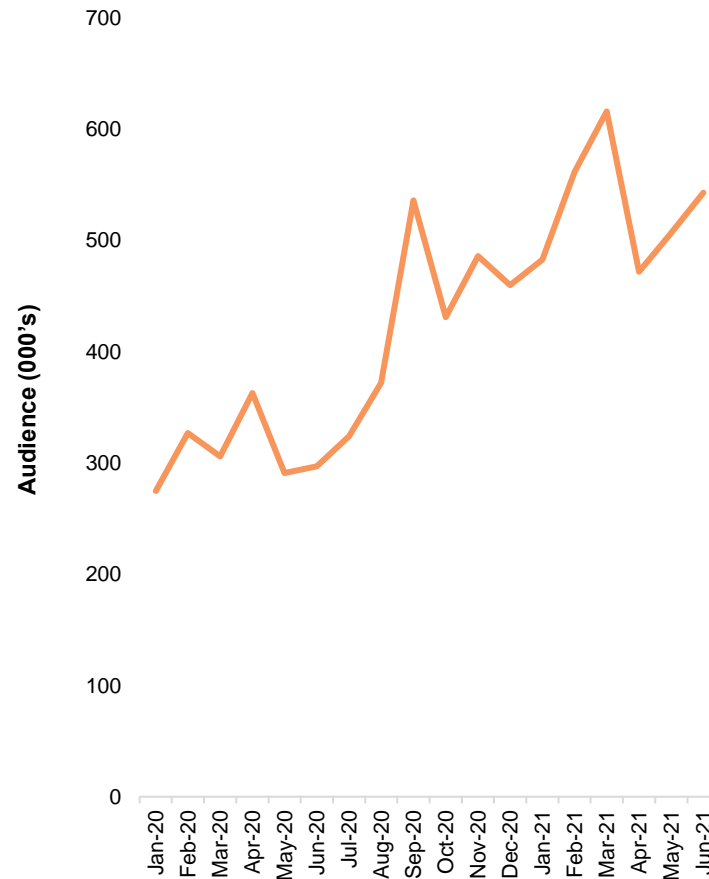
Note: Totals may not sum due to rounding

# ONEROOF AUDIENCE & LISTINGS

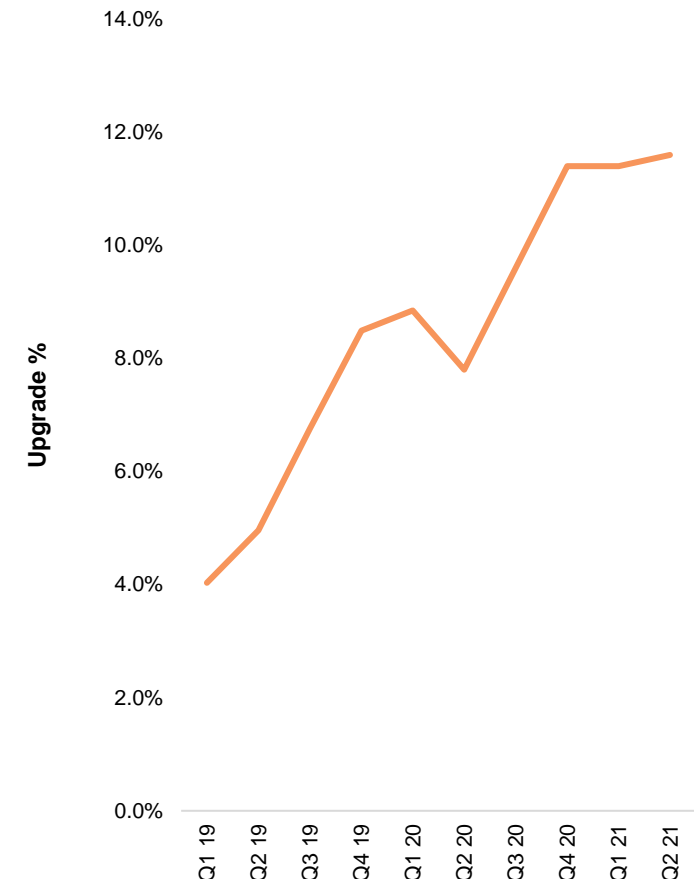
OneRoof Auckland and national residential for-sale listings as a % of Trade Me<sup>1</sup>



OneRoof Monthly Unique Online Audience<sup>2</sup>



OneRoof Digital Residential for-sale Listings Upgrade %



1. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz. Note: From June 2021 onwards lifestyle properties and sections were added to the OneRoof count.  
 2. Nielsen Online Ratings, Jan 2020 - June 2021

# YOUR COMPLETE PROPERTY DESTINATION



Metric	FY 2020 Achievement	H1 2021	2023 Target	Progress Update
<b>Residential Listings</b>	89% <sup>1</sup>	89% <sup>1</sup>	100% of listings	<ul style="list-style-type: none"> <li>New leadership structure in place with changed regional reporting across key markets of Northland, Bay of Plenty and Hawkes Bay</li> <li>National listings penetration a focus for H2 2021</li> <li>Local publications established in North Island</li> </ul>
<b>Audience</b>	#2, 460k, gap to #1 of 271k <sup>2</sup>	#2, 543k, gap to #1 of 281k <sup>2</sup>	Reduce gap to #1	<ul style="list-style-type: none"> <li>Segmentation of audiences has been completed, creating opportunities to target real estate audiences with more relevant content and listings.</li> <li>New boost products for listings and agents are leveraged to drive overall audience</li> <li>New brand campaign launch across paid and owned media channels with messaging designed to increase awareness</li> </ul>
<b>Listings Upgrade %</b>	10%	12%	50% of residential listings	<ul style="list-style-type: none"> <li>Residential for sale listing upgrades have increased nationally, with Auckland at 23% at the end of H1 2021</li> <li>Listing strategies across key markets in place with positive results in a number of markets</li> </ul>
<b>Revenue</b>	24% / 76%	33% / 67%	Digital > Print	<ul style="list-style-type: none"> <li>Rural and retirement verticals are in development and expected to be live in H2 2021</li> <li>Sponsorship revenues continue to grow, with key category sponsors in the pipeline for H2 2021</li> </ul>
<b>EBITDA<sup>3</sup> Margin Target (pre NZ IFRS16)</b>	<b>9%</b>	<b>2%</b>	<b>15 - 25%</b>	



1. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz as of 30 June 2021.  
 2. Nielsen Online Ratings, Dec 2020 - June 2021 (FY 20 has been amended to be the gap as of Dec 2020)  
 3. EBITDA is a non-GAAP measure and is presented as excluding the impact of NZ IFRS 16, however excluding exceptional items (redundancy costs, one-off projects and other exceptional items).

\$ million	H1 2021	H1 2020	% change	H1 2019
<b>Revenue</b>	<b>4.4</b>	<b>4.1</b>	<b>9%</b>	<b>4.6</b>
People & Contributors	(1.7)	(1.9)	(9%)	(2.5)
Agency Commission & Marketing	(0.4)	(0.4)	8%	(0.4)
Content	(0.2)	(0.2)	0%	(0.1)
Other	(0.5)	(0.6)	(15%)	(0.5)
<b>Total expenses</b>	<b>(2.8)</b>	<b>(3.0)</b>	<b>(8%)</b>	<b>(3.5)</b>
<b>EBITDA<sup>1</sup> (incl. NZ IFRS 16)</b>	<b>1.6</b>	<b>1.1</b>	<b>58%</b>	<b>1.2</b>
NZ IFRS 16 Adjustment	(0.1)	(0.1)	7%	<b>(0.1)</b>
<b>EBITDA<sup>1</sup> (pre NZ IFRS 16)</b>	<b>1.5</b>	<b>0.9</b>	<b>65%</b>	<b>1.1</b>
<b>EBITDA<sup>1</sup> Margin (pre NZ IFRS 16)</b>	<b>35%</b>	<b>23%</b>	<b>12 ppt</b>	<b>22%</b>

# GRABONE

For the 6 months ending 30 June 2021

- GrabOne is classified as a held-for-sale asset
- On 23 August 2021 NZME entered into a conditional agreement to sell GrabOne to Global Marketplace New Zealand Ltd (GMP) for \$17.5m (payable in cash on completion). NZME retains the net liabilities to settle as they fall due.
- The sale is not subject to any regulatory conditions. It is conditional on no material adverse change to the performance of GrabOne occurring prior to completion, and on GMP completing funding arrangements for the acquisition by 15 October 2021.
- GMP will pay NZME a break fee of \$1 million if the funding condition is not satisfied by 15 October 2021.
- The sale is expected to be completed no later than 31 October 2021.
- Revenue grew by 9% which combined with 8% lower expenses resulted in a 58% lift in EBITDA.

\$ million	H1 2021	H1 2020	% change	H1 2019
<b>Revenue</b>	<b>1.6</b>	<b>0.4</b>	<b>265%</b>	<b>1.1</b>
People & Contributors	(1.9)	(1.6)	19%	(2.0)
Agency Commission & Marketing	(0.1)	(0.2)	(50%)	(0.3)
Content	(0.2)	(0.2)	0%	(0.3)
Other	(2.2)	(1.3)	65%	(1.7)
<b>Total expenses</b>	<b>(4.4)</b>	<b>(3.4)</b>	<b>32%</b>	<b>(4.3)</b>
<b>EBITDA<sup>1</sup> (incl. NZ IFRS 16)</b>	<b>(2.8)</b>	<b>(2.9)</b>	<b>(3%)</b>	<b>(3.1)</b>

# CORPORATE & OTHER

For the 6 months ending 30 June 2021

- Revenue, which includes Driven and Events, increased due to the reinstatement of events, cancelled during Covid-19 lockdowns during H1 2020.
- Other expenses include corporate overheads, with increases reflecting the cost of delivering events, in line with revenue increase.



# 2021 HALF YEAR FINANCIAL RESULTS

# OPERATING RESULTS

For the 6 months ended 30 June 2021

- **Operating EBITDA<sup>1</sup> grew 4% in 2021.**
- Segment revenue increased 16% to \$170.6 million reflecting the significant impacts of Covid-19 on advertising revenue in 2020.
- Other revenue in 2020 includes an \$8.6 million (net) government wage subsidy in H1 2020.
- H1 2021 operating expenses reflects the permanent cost base reduction of \$20 million per annum versus H1 2019.
- Cost increases associated with increased revenue volumes were partially offset by the cost initiatives implemented in response to Covid-19 pandemic.
- Net interest expense reduced in line with the reduction in Net debt.
- Operating NPAT<sup>1</sup> increased \$1.0 million to \$7.8 million, and Operating earnings per share increased to 3.9 cents per share.

\$ million	H1 2021	H1 2020	% change	H1 2019
Segment revenue	170.6	147.3	16%	178.3
Other revenue	1.8	10.5	(82%)	2.8
<b>Operating Revenue<sup>1</sup></b>	<b>172.5</b>	<b>157.8</b>	<b>9%</b>	<b>181.1</b>
Operating expenses <sup>1</sup>	(142.4)	(128.9)	10%	(153.5)
<b>Operating EBITDA<sup>1</sup></b>	<b>30.1</b>	<b>28.9</b>	<b>4%</b>	<b>27.6</b>
Depreciation and amortisation on owned assets	(9.3)	(8.7)	8%	(10.6)
Depreciation on leased assets	(5.9)	(6.3)	(6%)	(6.4)
Net interest expense on loans	(1.3)	(1.6)	(24%)	(2.4)
Interest expense on leases	(2.6)	(2.3)	12%	(2.5)
<b>Operating NPBT<sup>1</sup></b>	<b>10.9</b>	<b>9.9</b>	<b>10%</b>	<b>5.6</b>
Taxation expense	(3.1)	(3.1)	0%	(1.6)
<b>Operating NPAT<sup>1</sup></b>	<b>7.8</b>	<b>6.8</b>	<b>14%</b>	<b>4.1</b>
<b>Operating Earnings per Share<sup>1</sup></b>	<b>3.9</b>	<b>3.5</b>	<b>13%</b>	<b>2.1</b>

1. Operating results presented include the impact of standard NZ IFRS 16, however exclude NZ IFRS 16 "one-offs" and exceptional items to allow for a like for like comparison between 2021 and 2020 financial years. Please refer to pages 33-34 of this results presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

Note: Totals may not sum due to rounding

\$ million	H1 2021	H1 2020	% change	H1 2019
People and contributors	71.6	69.2	3%	77.4
Print and distribution	25.9	22.5	15%	29.6
Agency commission and marketing	23.0	16.4	41%	21.1
Content	8.1	7.2	13%	8.1
Other expenses:				
Property	2.9	2.8	6%	3.4
IT and communications	5.4	6.0	(10%)	5.8
Other	5.5	4.8	13%	8.1
Total other expenses	13.8	13.6	1%	17.3
<b>Total operating expenses</b>	<b>142.4</b>	<b>128.9</b>	<b>10%</b>	<b>153.5</b>
<b>Exceptional and other items:</b>				
Redundancies	0.3	7.0		3.2
One off projects and other exceptional items	0.4	0.2		1.1
Profit on sale of Mt Victoria transmission tower	(0.5)	-		-
Share of loss of JV's	0.4	-		-
Impairment of assets	2.6	-		-
NZ IFRS 16 adjustments	(0.1)	(1.5) <sup>1</sup>		-
<b>Total exceptional items</b>	<b>3.1</b>	<b>5.8</b>		<b>4.3</b>

1. The \$1.5m of NZ IFRS 16 adjustments relates to rent concessions received in 2020 in response to Covid-19 which are included in the Other revenue of \$2.9 million on slide 34.  
Note: Totals may not sum due to rounding

# EXPENSES

## For the 6 months ended 30 June 2021

- People and contributors expense increased 3% reflecting the temporary salary sacrifice reductions made by NZME's people in H1 2020.
- Printing and distribution expense increased 15% due to increased volumes given H1 2020 included the temporary suspension of some print products due to Covid-19, and third-party print volumes.
- Agency commission and marketing expense increased 41% reflecting increased revenue and activity in H1 2021.
- Content expenses are up year on year reflecting the increased re-sale of digital services.
- Impairment of assets in H1 2021 includes an impairment for Graham Street office fitout costs in relation to the area of Graham street that has been sub-leased. Expected annualised cash inflow from 2022 of ~\$1 million per annum.



\$ million	30 June 2021	31 December 2020
Trade, other receivables and inventory	45.6	45.4
Trade and other payables	(45.9)	(43.8)
Current tax payable	(1.5)	(2.7)
Net assets held for sale (WC)	(5.0)	(6.0)
<b>Net working capital excluding cash</b>	<b>(6.7)</b>	<b>(7.2)</b>
Plant property & equipment, intangibles and other non-current assets	184.7	193.5
Right of use assets (NZ IFRS 16)	77.8	85.4
Lease liabilities (NZ IFRS 16)	(101.4)	(107.5)
Net interest-bearing liabilities	(18.6)	(33.8)
Deferred tax	1.1	(0.3)
Net assets held for sale (FA/IA)	1.2	1.9
<b>Net Assets</b>	<b>138.3</b>	<b>132.1</b>

# BALANCE SHEET

## As at 30 June 2021

- Increase in trade and other payables is largely due to higher people cost accrual, due to the timing of salary payment dates.
- Higher deferred tax relates to timing differences, primarily relating to impairment due to the sub-lease of Graham Street.
- Net assets held for sale represents GrabOne business with a net liability of \$3.8m.
- Right of use assets have reduced by \$7.6m primarily due to annual depreciation and impairment of Graham Street due to a partial sublease.
- Lease liabilities have reduced due to annual principal repayments.
- Net debt reduced by \$15.2 million to \$18.6 million as at 30 June 2021.

\$ million	H1 2021	H1 2020
<b>Operating EBITDA<sup>1</sup></b>	<b>30.1</b>	<b>28.9</b>
NZ IFRS 16 interest paid on leases	(2.6)	(2.3)
Dividends received	0.1	-
Interest paid on bank facilities	(1.3)	(1.5)
Working capital movement	(0.5)	11.0
Exceptional items	(0.7)	(7.2)
Tax paid	(4.7)	(1.2)
Non-cash items	1.5	(0.2)
<b>Cash flow from operations</b>	<b>21.9</b>	<b>27.7</b>
Capital expenditure	(2.7)	(3.3)
Proceeds from sale of plant, property and equipment	1.8	-
NZ IFRS 16 lease liability principal repayment	(5.6)	(4.8)
<b>Cash movement in Net Debt</b>	<b>15.3</b>	<b>19.6</b>
Non-cash borrowing costs	(0.1)	(0.1)
<b>Movement in Net Debt</b>	<b>15.2</b>	<b>19.5</b>

1. Operating results presented include the impact of standard NZ IFRS 16, however exclude NZ IFRS 16 "one-offs" and exceptional items to allow for a like for like comparison between 2021 and 2020 financial years. Please refer to pages 33-34 of this results presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

Note: Totals may not sum due to rounding

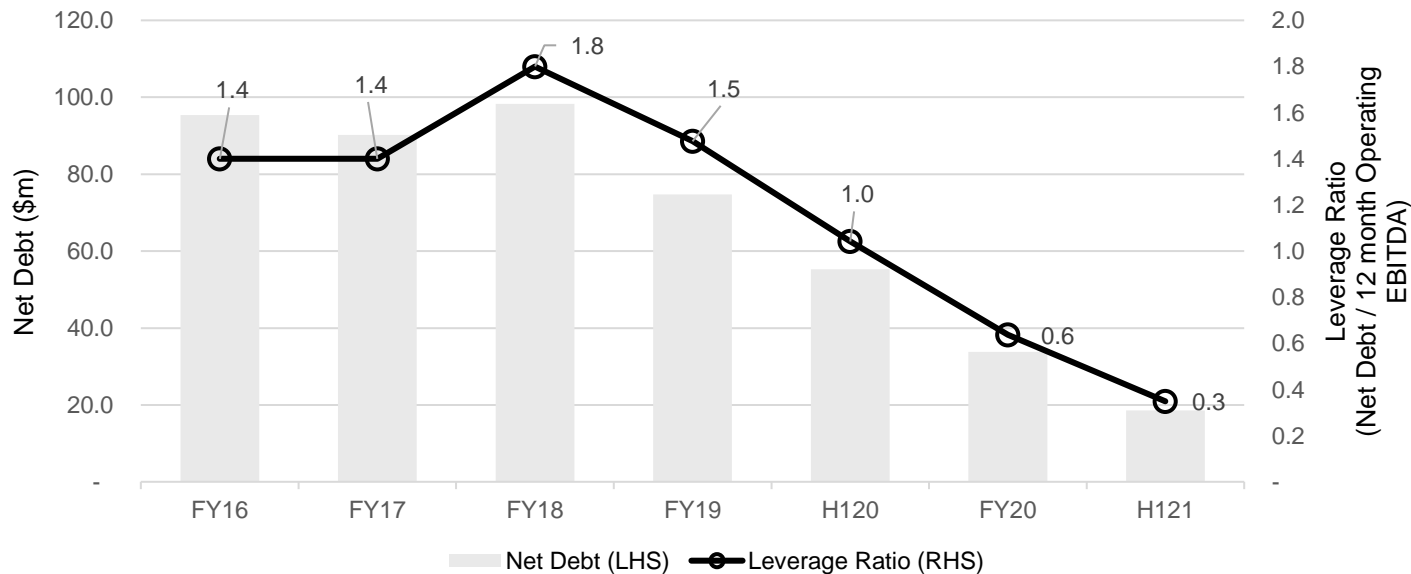
# CASH FLOWS

For the 6 months ended 30 June 2021

- Operating<sup>1</sup> cash flows of \$21.9m is lower than H1 2020, as 2020 benefited from a significant reduction in working capital.
- Capital expenditure was \$2.7 million in H1 2021, compared to \$3.3 million in H1 2020.
- Capital expenditure is expected to be around \$10 million for the full year.
- The sale of Mt Victoria transmission site was completed in April 2021.
- Lease liability principal repayments have increased due to no transmission cost relief or rent concessions in H1 2021.

30 June 2021 31 December 2020

12-months Operating EBITDA (pre NZ IFRS 16) <sup>1</sup>	53.0	53.0
Interest Expense	2.5	2.9
Net interest cover (Operating EBITDA (pre NZ IFRS 16) <sup>1</sup> / Interest Expense)	21.1	18.1
Net Debt (\$ million)	18.6	33.8
Leverage Ratio (Net debt / 12-month Operating EBITDA (pre NZ IFRS 16) <sup>1</sup> )	0.3	0.6



# CAPITAL MANAGEMENT

For the 6 months ended 30 June 2021

- Continued net debt reduction by \$15.2 million in 6 months, to \$18.6 million as at 30 June 2021.
- Leverage ratio (Net Debt to 12-month Operating EBITDA pre IFRS 16<sup>1</sup>) decreased to 0.3 times as at 30 June 2021.
- Leverage ratio now below target range.

1. Operating results presented include the impact of standard NZ IFRS 16, however exclude NZ IFRS 16 "one-offs" and exceptional items to allow for a like for like comparison between 2021 and 2021 financial years. Please refer to pages 33-34 of this results presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

# DIVIDEND AND CAPITAL RETURN

## Dividend Policy

NZME intends to pay dividends of 30-50% of Free Cash Flow subject to being within its target leverage ratio and having regard to NZME's capital requirements, operating performance and financial position.

Target Leverage Ratio of 0.5 to 1.0 times rolling 12 month EBITDA<sup>1</sup> (pre NZ IFRS 16).

Full dividend policy is available at [www.nzme.co.nz/investor-relations/dividends/](http://www.nzme.co.nz/investor-relations/dividends/)

- The board have declared a fully imputed and fully franked dividend of 3.0 cps.
- During the first half of 2021, the company has confirmed that A\$9.2 million of franking credits are available for use.
- The dividend will be paid on 22 September 2021, for registered shareholders as at 10 September 2021.
- The board recognises the company's strong capital position. In the absence of opportunities to invest, it will return capital to shareholders.
- The board was in a position to approve and announce a capital return to shareholders. However, given the current Covid-19 uncertainties that emerged last week has chosen to pause at this time.




# OUTLOOK

- Given that New Zealand has moved into Level 4 lockdown<sup>1</sup> over the past week, we are wary of the potential impacts of this outbreak.
- We have been pleased to see advertising revenues track closer to 2019 levels. Q3 2021 had been tracking to be in line with 2019 levels prior to the outbreak.
- Real Estate markets have been active and provide an opportunity for OneRoof to grow.
- On the basis of the trends to date and on New Zealand containing any outbreaks quickly, we would expect profit growth over 2020 for the full year 2021. However, this may become challenging depending on the duration of the lockdowns.
- Google has announced that it will bring Google News Showcase to New Zealand by the end of 2021. We look forward to discussing with both Google and Facebook arrangements in regard to accessing and supporting editorial content.
- We will update you on the Capital Management position further when market conditions become clearer and the sale of GrabOne has been concluded.
- We also look forward to updating you at a NZME Investor Day to be held in November 2021.

1. <https://covid19.govt.nz/alert-levels-and-updates/about-the-alert-system/>

# Q&A



A woman with grey hair and glasses, wearing a pink sweater, is leaning over a white table in a meeting. She is pointing with her right hand at a document on the table. A man in a blue shirt and glasses is leaning over the table next to her, looking at the document. Another person's arm is visible in the foreground on the left. The background is a blurred office or meeting room with other people and computer monitors.

# SUPPLEMENTARY INFORMATION

# 2021 DIVISIONAL PERFORMANCE

\$m	Audio	Publishing	OneRoof	GrabOne	Other	H1 21 Total	H1 20 Total	% Change
Reader Revenue:								
- Print	-	35.0	-	-	-	35.0	36.5	(4%)
- Digital	-	5.1	-	-	-	5.1	2.4	111%
Reader Revenue	-	40.2	-	-	-	40.2	38.9	3%
Advertising Revenue:								
- Radio	49.6	-	-	-	-	49.6	42.3	17%
- Print	-	33.3	7.0	-	-	40.3	35.3	14%
- Digital	1.6	26.3	3.5	-	0.4	31.9	22.0	45%
Advertising Revenue	51.2	59.6	10.5	-	0.4	121.7	99.7	22%
Other Revenue	0.6	4.4	-	4.4	1.2	10.6	19.2	(45%)
<b>Total Revenue</b>	<b>51.8</b>	<b>104.1</b>	<b>10.5</b>	<b>4.4</b>	<b>1.6</b>	<b>172.5</b>	<b>157.8</b>	<b>9%</b>
People and Contributors	(25.8)	(39.0)	(3.1)	(1.7)	(1.9)	(71.6)	(69.2)	3%
Print & Distribution	-	(22.2)	(3.7)	-	-	(25.9)	(22.5)	15%
Agency Commission & Marketing	(9.4)	(10.9)	(2.3)	(0.4)	(0.1)	(23.0)	(16.4)	41%
Content	(3.2)	(3.9)	(0.6)	(0.2)	(0.2)	(8.1)	(7.2)	14%
Other	(4.5)	(6.3)	(0.4)	(0.5)	(2.2)	(13.8)	(13.6)	1%
<b>Total Costs</b>	<b>(42.9)</b>	<b>(82.2)</b>	<b>(10.1)</b>	<b>(2.8)</b>	<b>(4.4)</b>	<b>(142.4)</b>	<b>(128.9)</b>	<b>10%</b>
<b>Operating EBITDA<sup>1</sup></b>	<b>8.8</b>	<b>22.0</b>	<b>0.4</b>	<b>1.6</b>	<b>(2.8)</b>	<b>30.1</b>	<b>28.9</b>	<b>4%</b>
NZ IFRS 16 Adjustments	(3.7)	(4.1)	(0.2)	(0.1)	(0.1)	(8.2)	(7.1)	16%
<b>EBITDA (pre NZ IFRS 16)<sup>2</sup></b>	<b>5.1</b>	<b>17.9</b>	<b>0.2</b>	<b>1.5</b>	<b>(2.9)</b>	<b>21.8</b>	<b>21.8</b>	<b>0%</b>
<b>EBITDA (pre NZ IFRS 16)<sup>2</sup> Margin %</b>	<b>10%</b>	<b>17%</b>	<b>2%</b>	<b>35%</b>	<b>-</b>	<b>13%</b>	<b>14%</b>	<b>-1 ppt</b>

Cost pools that relate to multiple divisions have been allocated based on revenue, geography and headcount.

Other Revenue in 2020 includes \$8.6 million (net) of Government wage subsidy.

1. Operating results presented include the impact of standard NZ IFRS 16, however exclude NZ IFRS 16 "one-offs" and exceptional items to allow for a like for like comparison between 2021 and 2021 financial years. Please refer to pages 33-34 of this results presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

2. EBITDA is a non-GAAP measure equivalent to Operating EBITDA but excluding NZ IFRS 16 "one-offs" and exceptional items.

Note: Totals may not sum due to rounding



# RECONCILIATION OF OPERATING RESULTS TO FINANCIAL STATEMENTS

6 MONTHS ENDED 30 JUNE 2021					
\$ million	Operating Results excl. NZ IFRS 16	NZ IFRS 16 Adjustments	Operating Results incl. NZ IFRS 16	Exceptional and Other Items	Per Financial Statements
Segment revenue	170.6	-	170.6	-	170.6
Other revenue	1.8	-	1.8	0.6	2.4
<b>Total revenue</b>	<b>172.5</b>	<b>-</b>	<b>172.5</b>	<b>0.6</b>	<b>173.0</b>
Expenses	(150.6)	8.2	(142.4)	(0.7)	(143.1)
<b>EBITDA</b>	<b>21.8</b>	<b>8.2</b>	<b>30.1</b>	<b>(0.1)</b>	<b>29.9</b>
Depreciation and amortisation	(9.3)	(5.9)	(15.3)	-	(15.3)
<b>EBIT</b>	<b>12.5</b>	<b>2.3</b>	<b>14.8</b>	<b>(0.1)</b>	<b>14.7</b>
Share of loss of JVs	-	-	-	(0.4)	(0.4)
Impairment of assets	-	-	-	(2.6)	(2.6)
Net interest expense	(1.3)	(2.6)	(3.9)	-	(3.9)
<b>Net profit/(loss) before tax</b>	<b>11.2</b>	<b>(0.3)</b>	<b>10.9</b>	<b>(3.1)</b>	<b>7.8</b>
Tax	(3.1)	-	(3.1)	0.8	(2.3)
<b>Net profit/(loss) after tax</b>	<b>8.1</b>	<b>(0.3)</b>	<b>7.8</b>	<b>(2.2)</b>	<b>5.6</b>

# RECONCILIATION OF OPERATING RESULTS TO FINANCIAL STATEMENTS

6 MONTHS ENDED 30 JUNE 2020					
\$ million	Operating Results excl. NZ IFRS 16	NZ IFRS 16 Adjustments	Operating Results incl. NZ IFRS 16	Exceptional and Other Items	Per Financial Statements
Segment revenue	147.3	-	147.3	-	147.3
Other revenue <sup>1</sup>	10.5	-	10.5	2.9 <sup>1</sup>	13.4
<b>Total revenue</b>	<b>157.8</b>	<b>-</b>	<b>157.8</b>	<b>2.9</b>	<b>160.7</b>
Expenses	(136.0)	7.1	(128.9)	(8.6)	(137.5)
<b>EBITDA</b>	<b>21.8</b>	<b>7.1</b>	<b>28.9</b>	<b>(5.7)</b>	<b>23.2</b>
Depreciation and amortisation	(8.7)	(6.3)	(15.0)	-	(15.0)
<b>EBIT</b>	<b>13.2</b>	<b>0.7</b>	<b>13.9</b>	<b>(5.7)</b>	<b>8.2</b>
Net interest expense	(1.6)	(2.3)	(4.0)	-	(4.0)
<b>Net profit/(loss) before tax</b>	<b>11.5</b>	<b>(1.6)</b>	<b>9.9</b>	<b>(5.8)</b>	<b>4.2</b>
Tax	(3.1)	-	(3.1)	1.9	(1.2)
<b>Net profit/(loss) before tax</b>	<b>8.4</b>	<b>(1.6)</b>	<b>6.8</b>	<b>(3.8)</b>	<b>3.0</b>

1. \$1.5 million of this revenue relates to the accounting treatment of rent concessions received as a direct result of Covid-19 which, under an NZ IFRS 16 practical expedient provision, has been classified as other revenue. \$1.4m of this revenue relates to the Government wages subsidy (WS) that was received for employees who were made redundant.

2. This table is restated from that in last year's presentation with the reclassification of the WS that was originally netted against redundancy costs.

Note: Totals may not sum due to rounding



# DISCLAIMER

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice, legal, financial, tax or any other recommendation or advice. This presentation constitutes summary information only, and you should not rely on it in isolation from the full detail set out in NZME's Consolidated Financial Statements for the half year ended 30 June 2021.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks and uncertainties. There is no assurance that results contemplated in any projections or forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about NZME Limited.

The Group adopted NZ IFRS16 Leases on 1 January 2019. Operating results as stated throughout this presentation refer to results including the adjustments for the adoption of NZ IFRS16 and prior to exceptional items. Please refer to pages 33-34 of this presentation for a detailed reconciliation to these results excluding NZ IFRS 16 adjustments and to the statutory results.

While reasonable care has been taken in compiling this presentation, none of NZME Limited nor its subsidiaries, directors, employees, agents or advisers (to the maximum extent permitted by law) give any warranty or representation (express or implied) as to the accuracy, completeness or reliability of the information contained in it nor take any responsibility for it. The information in this presentation has not been, and will not be, independently verified or audited.

 The New Zealand Herald     THE COUNTRY     The Northern Advocate     THE HITS     VIVA     DRIVEN     essence

 OneRoof     WHANGANUI MIDWEEK     Coast     NewstalkZB     HOROWHENUA CHRONICLE     hokonui     ROTORUA Daily Post

 Taupo & Turangi Weekender     Herald on Sunday     GOLD     RESTAURANT HUB     Kāpiti News     GrabOne     iHeartRADIO

 Te Puke Times     RADIO HAURAKI     HASTINGS Leader     nzherald.co.nz     HCPOST     canvas     Hawke's Bay TODAY     NAPIER Courier

 spy     Education Gazette     WatchMe.     be well     ALTERNATIVE COMMENTARY COLLECTIVE     Weekend Herald     Waikato Herald     nzherald focus

 ZM     Bay of Plenty Times     ROTORUA Weekender     Te Awamutu Courier     Whanganui Chronicle     travel     TimeOut

 Manawatū GUARDIAN     flava     BUSHTELEGRAPH     Katikati Advertiser     The Northland Age     CHB Mail     Stratford PRESS

**EVERYONE'S  
HERE.**

**NZ  
ME.**  
NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT