



**NZ
ME.**

FULL YEAR 2016 RESULTS PRESENTATION

24 February 2017

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iHeart
RADIO

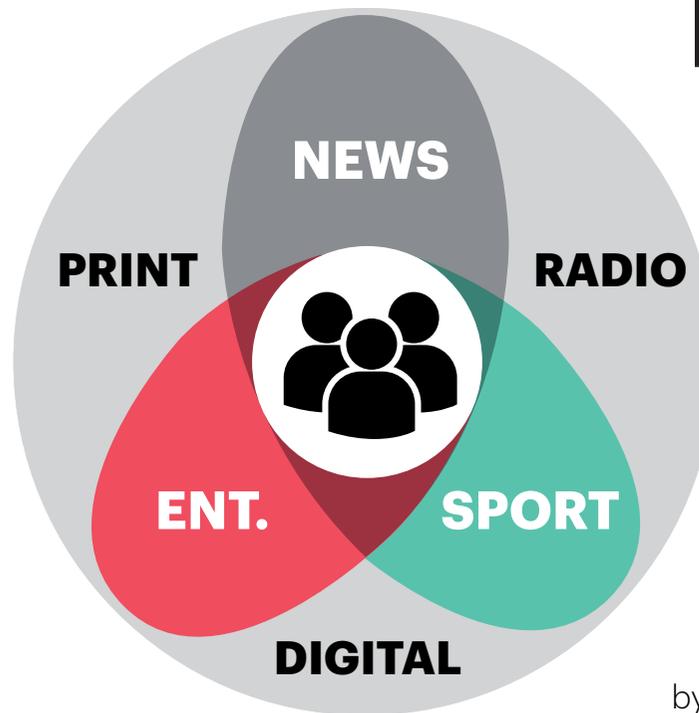
Lorde

NZME'S TRANSFORMATION & INTEGRATION

radionetwork



GrabOne



NZME.

Listed on NZX Main Board and ASX on 27 June 2016.

Demerged from APN News & Media Limited on 29 June 2016.

Transformed into an audience-centric business focusing on News, Sport and Entertainment pillars.

Integrating our sales and editorial teams, facilitated by NZME Central and regional co-locations.

NZME FY16 RESULTS SUMMARY

STATUTORY NPAT

\$74.5m

▲ 74% FY15 \$42.9m

TRADING REVENUE¹

\$407.4m

▼ 6% FY15 \$433.0m

TRADING EBITDA¹

\$71.9m

— 0% FY15 \$71.8m²

PRO FORMA NPAT¹

\$27.8m

▲ 1% FY15 \$27.5m

PRO FORMA EPS¹

14.2cps

FINAL DIVIDEND FULLY IMPUTED

6.0cps³

SCHEDULED FOR PAYMENT ON 28 APRIL 2017

FULL YEAR DIVIDENDS 9.5cps



(1) Trading Revenue, Trading EBITDA, Pro forma NPAT and Pro forma EPS are non-GAAP measures that are explained and reconciled in the supplementary information on pages 29-31. (2) The FY15 NZME segment result in the APN FY15 accounts was \$74.9m, this has been adjusted for \$3.1m of standalone costs incurred in H2 16 to provide a like for like comparison. (3) A supplementary dividend of 1.06 cents per share will be payable to shareholders who are not tax resident in New Zealand and who hold less than 10% of the shares in NZME Limited.

NZME ACHIEVEMENT OF OPERATIONAL PRIORITIES

1. AUDIENCE GROWTH

OF **5%**¹ IN FY16

2. PRINT REVENUE

DECLINE SLOWED

3. RADIO REVENUE

AGENCY RETURNED TO GROWTH,
DIRECT REVENUE DECLINE SLOWED

4. DIGITAL REVENUE

24% YoY **GROWTH**

5. COST SAVINGS

6% YoY

6. TALENT DEVELOPED

THE HITS - NEW BREAKFAST SHOW
LEADERSHIP PROGRAMMES DELIVERED

7. MERGER PROGRESSED

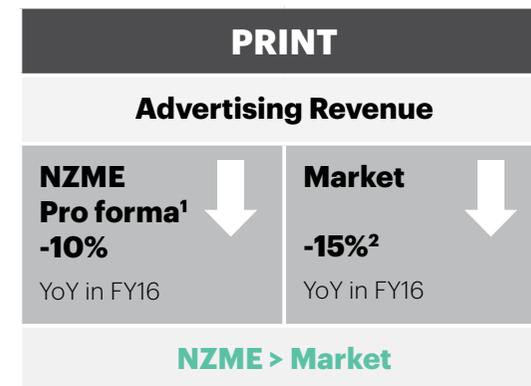
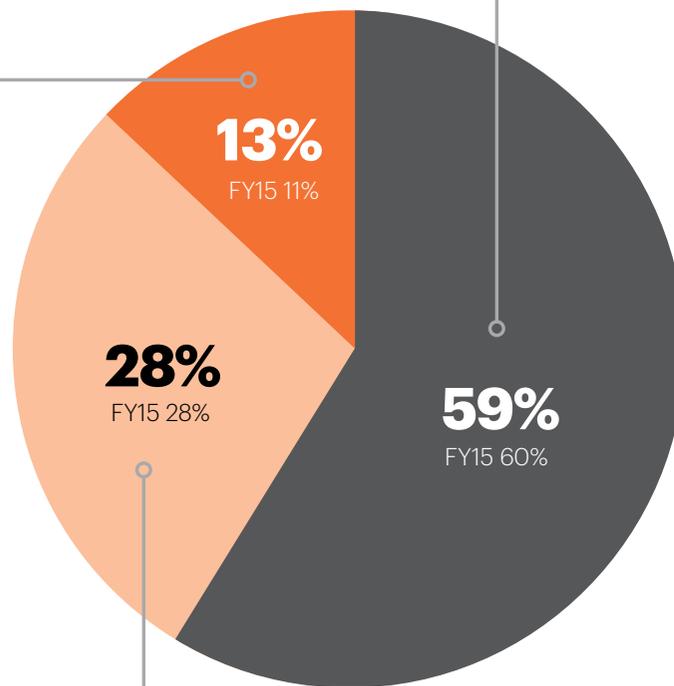
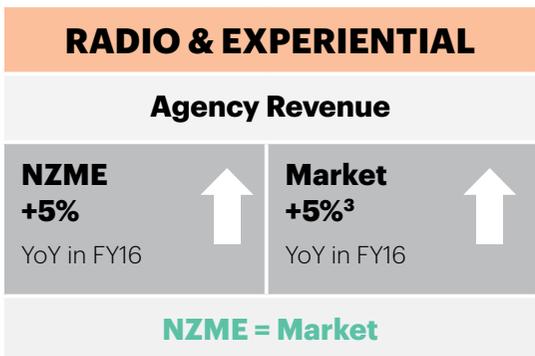
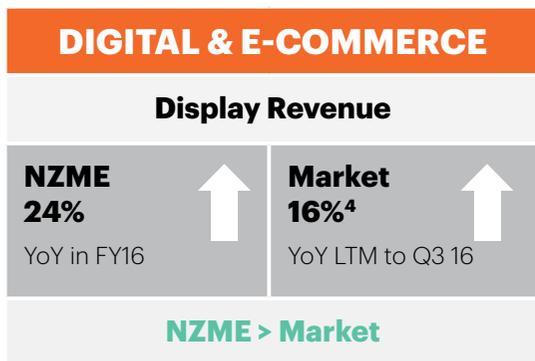
NZ COMMERCE COMMISSION ("NZCC")
DECISION DUE 15 MARCH 2017

THE HITS
Sarah, Sam & Toni



(1) Nielsen CMI, November fused database: Last twelve months Q1 15 - Q3 16 (population 10 years +). Based on unduplicated weekly reach of NZME newspapers, radio stations, and monthly domestic unique audience of NZME's digital channels. Note: Most recent data point available is last twelve months to Q3 16.

NZME FY16 MARKET COMPARABLES



Pro forma¹ Revenue

- Print
- Radio & Experiential
- Digital & e-Commerce

NZME Pro forma Revenue ¹ Summary (\$m)	FY16	FY15	% Change
Print Revenue	237.7	253.5	(6%)
Radio & Experiential Revenue	114.8	120.2	(4%)
Digital & e-Commerce Revenue	52.2	48.0	9%
Total Pro forma Revenue¹	404.7	421.7	(4%)

(1) Pro forma Revenue is a non-GAAP measure that is explained and reconciled on page 9, Pro forma EBITDA is reconciled in the Supplementary Information on page 31. (2) PwC NPA Quarterly Performance Comparison Report Q4 2016. (3) SMI New Zealand Agency Advertising Expenditure Report December 2016. Note: No measure of total radio market revenue has been available in NZ since 2014 (ASA). (4) IAB / PwC New Zealand Q3 2016 Interactive Advertising Spend Report; digital excluding search and directories, and social media (NZ market only).

IN A TYPICAL DAY, BY 9AM **73%¹ OF NEW ZEALANDERS** HAVE READ, WATCHED, LISTENED TO, OR OTHERWISE ENGAGED WITH NZME

84%
of the
North Island¹

87%
of
Auckland¹

68%
of the
South Island¹

**NZME
REACHES:**

**Our national and
local presence allows us to
offer advertisers broad access
to their target markets**

(1) Nielsen CMI, November fused database: Q4 15 – Q3 16 (population 10 years +).
Based on unduplicated weekly reach of NZME newspapers, radio stations, and
monthly domestic unique audience of NZME's digital channels.

NZME PRINT



- Print advertising revenue declined 10% in FY16, however the rate of decline softened in the second half due to improvements in both agency and direct revenues.
- Continued focus on maintaining subscriber volume and price increases resulted in stable circulation revenue.
- Relunched the Sunday lifestyle newspaper inserted magazine to focus on Travel, a stronger commercial proposition.
- Other revenue represents printing and distribution services provided to external parties, which remained stable despite impacts of volume decreases in the second half.
- Divested the Wairarapa Times Age daily newspaper in June and Whakatane News in August 2016.

NZME Print Revenue (\$m)	FY16	FY15	% Change
Advertising Revenue	132.7	147.8	(10%)
Circulation Revenue	86.1	87.0	(1%)
Other Revenue	18.9	18.8	1%
Total Pro forma Revenue¹	237.7	253.5	(6%)
Magazines Revenue ²	-	5.9	(100%)
Revenue from Divestments ³	2.6	5.4	(51%)
Total Trading Revenue¹	240.4	264.8	(9%)

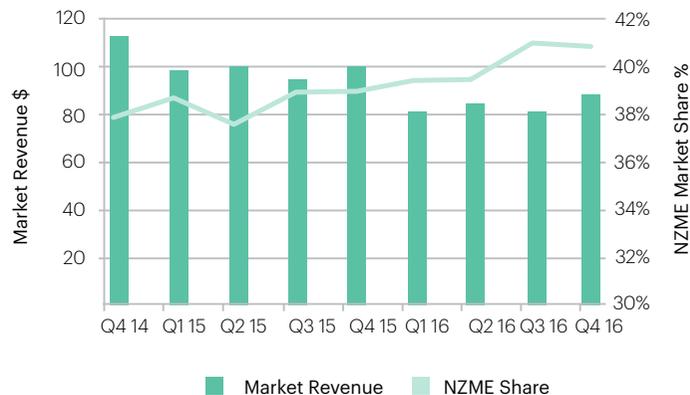
(1) Pro forma and Trading Revenue are non-GAAP measures that are explained and reconciled in the supplementary information on pages 29-30. (2) Relates to the unprofitable Pacific Magazines licensed business closed in September 2015. \$5.3m of FY16 revenue was previously classified as circulation, and \$0.6m as advertising revenue. (3) Revenue from divestments relates to revenues received from the Wairarapa Times Age sold in June 2016 (FY16 \$2.3m), and Whakatane News sold in August 2016 (FY16 \$0.3m).

WE HAVE RETAINED PRINT READERSHIP¹ AND GROWN OUR PRINT ADVERTISING MARKET SHARE²

NZME Newspapers Unduplicated Weekly Reach¹

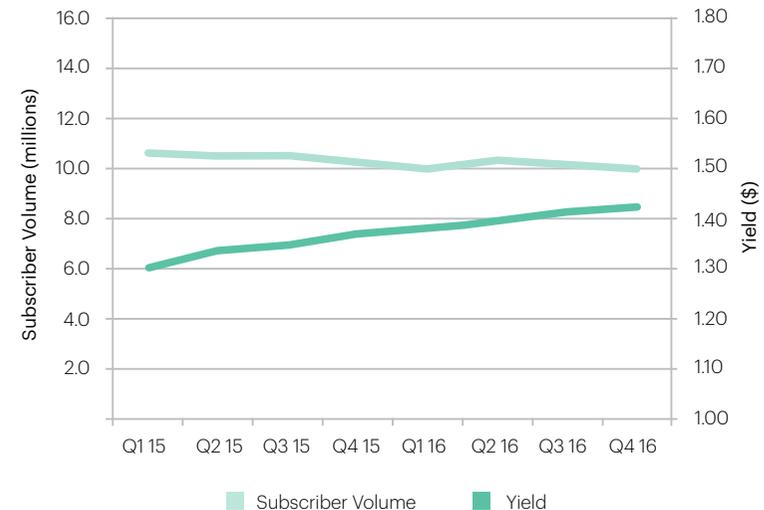


Total Print Advertising Market Revenue and NZME Share %²



- Print subscriber base retained, with yield increases mostly offsetting retail volume declines.
- Increased distribution of the Weekend Herald into tertiary markets, and wider penetration of the Herald on Sunday resulted in readership growth.

NZME Subscriber Volume³ and Yield



(1) Nielsen CMI, November fused database: Last twelve months Q4 14 – Q3 16 (population 10 years +). Based on unduplicated weekly reach of NZME newspapers.
(2) PwC NPA Quarterly performance comparison report Q4 2014 – Q4 2016.

(3) Subscriber volume drives revenue and represents the count of individual “paid” papers delivered, including the NZ Herald, Herald on Sunday and Regionals (includes paid trials).

NZME RADIO & EXPERIENTIAL

NZME Radio & Experiential Revenue (\$m)	FY16	FY15	% Change
Radio & Experiential Revenue ¹	108.7	114.2	(5%)
Other Revenue (incl. iHeart and Events)	6.2	6.0	3%
Total Trading Revenue²	114.8	120.2	(4%)

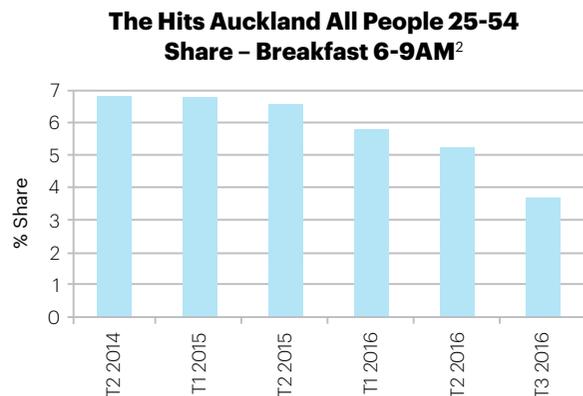
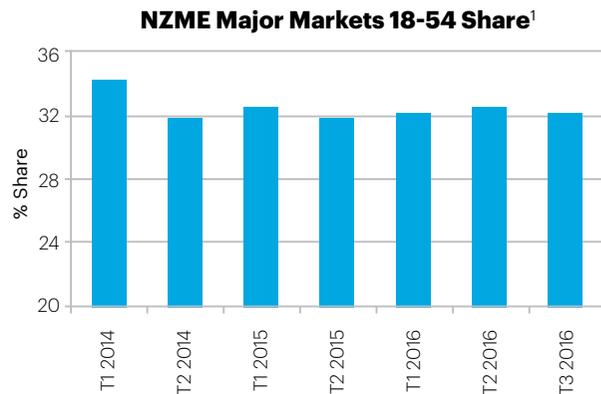


- Radio & Experiential revenue decreased 4% in FY16, however decline softened in the second half.
- Agency revenue returned to strong growth in the second half as ongoing benefits of an improved agency sales model were realised.
- Direct revenue was maintained in Auckland, however some regional markets remain challenged.
- Other revenue includes iHeart and Events, with growth expected from the expansion of the existing PwC Herald Talks and Viva Sessions.
- iHeartRadio registered users grew 22% during FY16 to 518k.
- New iHeartRadio App launched in January 2017 with a registration wall, enhanced user functionality and improved advertising targeting.



(1) Radio & Experiential Revenue includes agency, direct and experiential revenue streams. (2) Trading Revenue is a non-GAAP measure that is explained and reconciled in the supplementary information on pages 29-30.

OPERATIONAL INITIATIVES FOCUSED ON IMPROVING RADIO IN THE MEDIUM TERM



- NZME's key 18-54 year old demographic major markets share has remained stable over the last two years¹.
- Newstalk ZB continues to maintain a leading position in NZ Radio with the largest share of any commercial station¹.
- NZME has held or grown the share of six of its nine radio stations across major markets during FY16, however certain stations have underperformed¹.



- Actions are being taken to improve performance:
 1. Auckland Market: The Hits launched a new breakfast show (Feb 2017) with key high profile talent: Sarah Gandy, Sam Wallace and Toni Street.
 2. Audience Share Gaps:
 - Mix re-launched with new branding and playlist targeting broader demographic appeal (Jan 2017), and
 - a new campaign repositioning Coast to target a younger 40+ demographic commenced in Q4 16.
 3. Implementing new CRM system, planning, booking and scheduling tools, to improve customer understanding and sales pipeline management.

(1) GfK - Radio Trended Network Data, Commercial Major Markets 2016, Station Share (%). All 10+ unless otherwise specified, Mon-Sun 12mn-12mn. (2) GfK - Radio Trended Network Data, The Hits Auckland 2016, Station Share (%). 25-54 y/o Mon-Fri 6am- 9am. Note: T1 2014 - T2 2015 conducted by previous provider TNS, T1, T2, T3 2016 conducted by current provider GfK. T2 2015 conducted by the incumbent provider TNS, and not released as an official survey result.

NZME DIGITAL & E-COMMERCE



- Strong Digital revenue growth of 24% largely driven by mobile and video advertising revenue growth.
- Following the success of NZ Herald Focus (news video show) NZ On Air funded the production of NZME’s regional video service, Local Focus, and “Under the Bridge”, NZME’s first long-form documentary video.
- Programmatic (automated trading) revenue grew 65% YoY through strong KPEX² performance.
- nzherald.co.nz redesign due to be launched in Q1 17.
- Currently installing Washington Post publishing tools, including a new content management system, to enable an improved user experience, increased audience engagement and operational efficiencies in FY17.
- GrabOne (e-Commerce) revenues remain under pressure, however there is continued focus on improving user experience and evolving from a pure daily deals site.

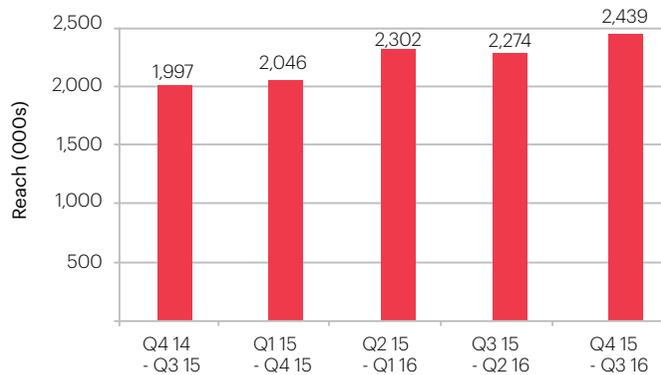
NZME Digital & e-Commerce Revenue (\$m)	FY16	FY15	% Change
Digital Revenue	38.2	30.7	24%
e-Commerce Revenue	14.0	17.3	(19%)
Total Trading Revenue¹	52.2	48.0	9%

(1) Trading Revenue is a non-GAAP measure that is explained and reconciled in the supplementary information on pages 29-30. (2) KPEX is a joint venture trading desk for Digital advertising between four New Zealand media businesses (NZME, Fairfax NZ, Mediaworks and TVNZ).

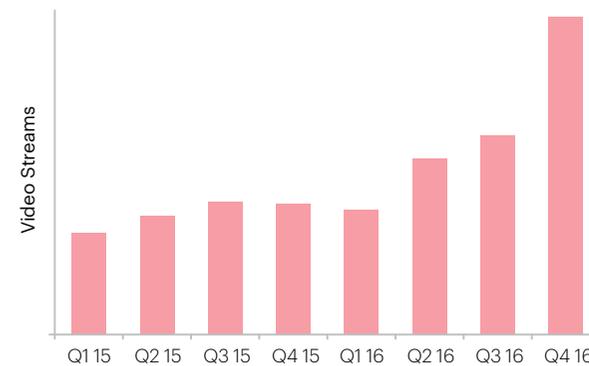


NZME'S **DIGITAL AUDIENCE HAS GROWN BY 19%¹,** AND NATIVE VIDEO STREAMS BY 69%² IN FY16

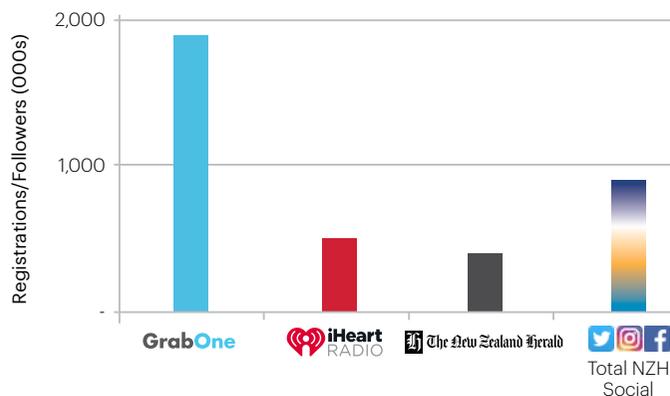
NZME Digital Unduplicated Monthly Reach¹



NZME Native Video Streams²



NZME Digital Registrations & Social Followers



- In FY16 NZME's native video streams grew by 69%², driven by continued development of new video initiatives including NZ Herald Focus.
- NZ Herald's total social following is now over 900k (Facebook, Twitter and Instagram).
- Implemented data lake in FY16, consolidating registered user databases and enabling further monetisation.

(1) Nielsen CMI, November fused database: Last twelve months Q4 14 – Q3 16 (population 10 years +). Based on unduplicated monthly domestic unique audience of NZME's digital channels.
 (2) Brightcove Analytics January 2015 – December 2016. Native = viewed on an NZME platform.



nzheraldfocus

**Laura McGoldrick
and Tristram Clayton**

NZME FY16 FINANCIALS

NZME TRADING RESULT¹

NZME Trading Result (\$m)	FY16	FY15	% Change
Trading Revenue ¹	407.4	433.0	(6%)
Other Income	2.4	0.5	334%
Costs	(337.8)	(358.6)	(6%)
NZME Segment Result²	71.9	74.9	(4%)
Adj. for standalone costs incurred in H2 16 ²	-	(3.1)	(100%)
Trading EBITDA¹	71.9	71.8	0%
Final Dividend (cps)	6.0		



- Trading EBITDA¹ flat after adjusting for incremental standalone costs incurred in the second half.
- Challenging print market and radio under-performance resulted in a 6% overall Trading revenue¹ decline.
- After adjusting for the impact of divestments and the closure of the unprofitable Pacific Magazines licensed business in September 2015, Pro forma revenue¹ decline was 4%.
- Other income primarily relates to charges to APN for financial back office services in the second half, and rental income.

(1) Pro forma Revenue, Trading Revenue and Trading EBITDA are non-GAAP measures that are explained and reconciled in the supplementary information on pages 29-31. (2) The FY15 NZME segment result in the APN FY15 accounts was \$74.9m, this has been adjusted for \$3.1m of standalone costs incurred in H2 16 to provide a like for like comparison.

NZME COSTS

NZME Costs (\$m)	FY16	FY15	% Change
People costs & contributors	163.0	172.4	(5%)
Print & distribution costs	73.8	77.8	(5%)
Agency commission & marketing	35.2	38.8	(9%)
Property	21.5	19.8	9%
Content	12.4	11.7	6%
IT & communications	10.0	10.1	(1%)
Other	16.4	16.9	(3%)
Magazines	-	6.5	(100%)
Subtotal	332.5	354.0	(6%)
Standalone costs incurred in H2 16	3.1	-	100%
Divestments	2.3	4.6	(51%)
Subtotal	337.8	358.6	(6%)
Adj. to FY15 for standalone costs	-	3.1	(100%)
Total Trading Costs¹	337.8	361.7	(7%)

- A continued focus on cost management contributed to a 6% reduction in costs in FY16.
- Transformation and integration of the Publishing, Radio and GrabOne businesses contributed to a 5% reduction in people costs.
- Incremental costs incurred in the second half to provide shared services support to APN are offset by \$1.7m of other income.
- Property costs increased 9%, substantially reflecting non-cash recognition of future contracted rent increases.
- Content costs increased due to investment in new digital and data capture initiatives.

(1) Trading Costs are a non-GAAP measure that are explained and reconciled in the supplementary information on pages 29-30.

NZME BALANCE SHEET

NZME Balance Sheet (\$m)	NZME Dec 2016	NZME Jun 2016	NZME Pro forma per EM ¹ Dec 2015
Cash and cash equivalents	16.2	13.8	7.7
Trade and other receivables	55.9	58.0	64.1
Trade and other payables	(66.4)	(55.4)	(71.2)
Current tax liabilities	(2.8)	(17.0)	-
Net working capital	2.9	(0.6)	0.6
Fixed, intangible and other assets	411.4	410.1	414.9
Interest bearing liabilities	(112.2)	(111.6)	(108.2)
Other liabilities	(16.6)	(19.4)	(26.8)
Net Assets	285.6	278.5	280.6
Trading interest cover²	17.2	16.3	17.2
Net debt to Trading EBITDA²	1.3	1.4	1.4

- Payment of historical tax liabilities were made on 26 August 2016, reflected in the reduction of current tax liabilities and other liabilities over the year.
- Net bank debt of \$95.9m³, with an interest rate payable on gross debt of 3.8% p.a.
- Undrawn bank facilities at 31 December 2016 totalled \$48.0m.
- Capital expenditure was \$14.9m in FY16 and is expected to be maintained at this level.

(1) The Explanatory Memorandum for the Demerger of NZME by APN published on 11 May 2016. (2) Trading EBITDA and Trading EBIT are non-GAAP measures that are explained and reconciled in the supplementary information on pages 29-30. (3) Net bank debt of \$95.9m is calculated as interest bearing liabilities net of cash and borrowing costs.



NZME FY17 FOCUS

NZME. - AT THE CENTRE OF WHAT NEW ZEALANDERS WANT.

FOCUSED ON



Audience

Audience centric, content driven media business



Revenue

Customer focussed revenue business



Agility

A future-focused, innovative and agile business



People

Home of the best talent

HOW WE'RE DOING IT

Listening

To our customers and providing unique solutions

Simplifying

How our customers engage with us and each other

Expanding

Our content and delivery to reach more New Zealanders

Leveraging

Our brands, data capabilities and integration

Developing

Innovative ways to connect buyers and sellers

Enabling

The best people with the right tools

INITIATIVES

Leverage insights to maximise audience targeting and engagement

Enhance regional content and expand digital verticals

Proactively optimise existing products e.g. new radio breakfast shows

Invest in new revenue streams

Launch new content management system and redesigned nzherald.co.nz

Leverage data to maximize digital revenue

Develop our leadership, talent, digital, social and data skill sets

Simplify and enhance our sales and customer relationship systems

Sharing great stories, entertaining, engaging and connecting all New Zealanders.

NZME FY17 PRIORITIES

TARGETS

Grow audience reach

Continue to retain Print revenue

Return Radio revenue to growth

Grow new revenue streams

Effective cost and capital management

Develop our people and retain our talent

Complete the Fairfax NZ merger (subject to NZCC and shareholder approval)



NZME NEW INITIATIVES & DEVELOPMENT

NZME. CREATE ME

- **CreateMe** - maximises the integrated, multi-platform sales proposition, delivering revenue growth via video, branded content and Experiential products.

WatchMe.

- **WatchMe** - unique video-on-demand platform showcasing NZ short-form video content, utilising influential talent.



- **NZ Herald Focus** - digital video news show that meets the growing consumer demand for mobile video content.

DRIVEN.CO.NZ

- **Driven digital platform** - user generated classifieds and auto listings, consistently hosting over 20,000 listings.



- **Herald Homes App** - enhances NZME's real estate Print assets with direct access to additional online content.



- **KPEX** - joint venture trading desk for Digital advertising, between four New Zealand media businesses (NZME, Fairfax NZ, Mediaworks and TVNZ).



- **Ratebroker.co.nz** - a mortgage, finance and insurance aggregator platform enabling consumers to easily purchase these & other future services directly online.



- **RestarantHub.co.nz** - a table management and online restaurant booking platform.



- **Chinese New Zealand Herald** - a joint venture which has created a Chinese language version of nzherald.co.nz.



- **Events** - NZME ran 25 events in FY16, including the new Live Well Festival.



- **iHeartRadio** - new App launched in January 2017 with a registration wall and enhanced user functionality.



- **iHeart concerts** - held in FY16 included Broods, Delta Goodrem, Temper Trap, Cold War Kids, 5th Harmony and Shihad.



- **WTV, Humm FM and Radio Wanaka** - expanded radio via exclusive commercial radio partnerships.

PROPOSED **NZME / FAIRFAX NZ MERGER**

PROCESS UPDATE

- The merger remains subject to regulatory and shareholder approval.
- The New Zealand Commerce Commission (“NZCC”) released a draft determination in November 2016. Its preliminary view was to decline the application.
- A public hearing was held in December 2016 where interested parties, including NZME and Fairfax NZ, presented their arguments for or against the merger to the NZCC.
- The NZCC has advised that it expects its final determination to be made on or before 15 March 2017.

NEXT STEPS

- In the event that the merger is approved by the NZCC in March, NZME expects to hold a shareholder meeting to vote on the merger in early June 2017, with a view to completing the transaction by 30 June 2017.
- In the event that the merger is declined by the NZCC, the parties will consider their next steps (a decision by the NZCC to not approve the merger can be appealed).

MERGER CONSIDERATION¹

Cash consideration	\$55.0m
Shares issued to Fairfax NZ	136.2m
Total shares on issue post Merger	332.2m
Fairfax NZ shareholding post Merger	41%

(1) The final consideration is subject to pre and post merger completion adjustments as disclosed in the NZME market announcement dated 7 September 2016.



Q&A - THANK YOU



flava

THE FLAVA BREAKFAST

WITH SELA, PUA & TARSH

THE WAKE UP CALL - WEEKDAYS 6-10AM

NZME TALENT & EXECUTIVE TEAM



Fletch, Vaughan + Megan

6AM - 10AM
WEEKDAYS

LEVERAGING **AWARD-WINNING** TALENT



Newstalk ZB

MIKE HOSKING

NZ'S NUMBER ONE
BREAKFAST HOST

6AM - 8:30AM WEEKDAYS



**MATT HEATH
JEREMY WELLS**
6AM - 10AM WEEKDAYS



**Stace
& Flynn**

3PM - 7PM WEEKDAYS

**THE
HITS**



NZME EXECUTIVE TEAM

ALLISON WHITNEY
LEGAL COUNSEL & COMPANY SECRETARY
 Joined NZME in 2013 with over 15 years' legal experience both in-house and in private practice, including 6 years as in-house counsel to a London based international media group.

SHAYNE CURRIE
MANAGING EDITOR
 Journalist for 25 years, in NZ and New York. Overseen major change and innovation in newsrooms. 2016; 10-week scholarship at Cambridge University UK, studying audience patterns in the digital age.

SARAH WOOD
GENERAL MANAGER, GRABONE
 Over 15 years of commercial experience in media, marketing and business management. US-based consultancy experience in brand and business transformation.

SARAH JUDKINS
CHIEF STRATEGY OFFICER
 Lead the 2015 transformation and integration of the publishing, radio & digital businesses into NZME. 20 years experience providing strategic and transformation advice to a wide range of businesses across NZ and Asia.

MIKE MORAN
CHIEF FINANCIAL OFFICER
 Previously a Partner at Deloitte with over 15 years international experience in Assurance and Advisory. Initially joined NZME on an interim basis just prior to demerger from APN before joining permanently in February 2017.

MATT WILSON
CHIEF OPERATING OFFICER (Acting)
 Over two decades at NZME with leadership roles in Finance, Sales, Circulation, Print and Operations. Developed NZME's distribution services business.

MICHAEL BOGGS
CHIEF EXECUTIVE OFFICER
 Previously held transformational finance, sales and operational Executive roles in financial services, telco and consumer goods. Former CFO of NZME. 2014 CFO of the Year.

LIZA MCNALLY
CHIEF MARKETING OFFICER
 20 years marketing and sales experience in the media industry. Previously held senior management roles at News Corp Australia.

LAURA MAXWELL
CHIEF COMMERCIAL OFFICER
 Joined NZME in 2013. Previous General Manager of Yahoo! NZ. Over 20 years experience in media. Current Chair of the NZ Interactive Advertising Bureau.

DEAN BUCHANAN
GROUP DIRECTOR ENTERTAINMENT
 Over two decades of experience in developing world-class content and talent in New Zealand and internationally. Previous Managing Director, NZME Radio.

MICHELLE HAMILTON
GROUP DIRECTOR CULTURE & PERFORMANCE
 Previous General Manager, Culture at TRN. HR and Employee Brand Manager at Event Cinemas, and eight years at SkyCity in various senior leadership roles.

viva

**Amanda
Linnell**

Managing
Editor



The New Zealand Herald



**Jared
Savage**

Investigative
Journalist

NZME SUPPLEMENTARY INFORMATION

NZME FY16 TRADING RECONCILIATION TO FINANCIAL STATEMENTS

The Statutory Result, including the segment note, as reported in the Consolidated Financial Statements for the year ended 31 December 2016 is not reflective of the NZME business going forward, due to the impact of the demerger, tax payments, and the inclusion of the previous ownership interest in the Australian Radio Network. In order to show what the result would look like for NZME on a standalone basis, we have presented a number of non-GAAP measures which are further explained and reconciled to the GAAP figures in this supplementary information. This presentation should be read in conjunction with NZME's Consolidated Financial Statements.

\$m	NZME Trading Result ¹	NZME Related Exceptionals	Acquired & Non-trading Items ²	Financial Statements ³
Revenue	407.4	-	(1.2)	406.1
Other Income	2.4	1.3	0.4	4.1
Total Revenue & Other Income	409.7	1.3	(0.8)	410.2
Costs	(337.8)	(13.0)	(12.8)	(363.6)
EBITDA	71.9	(11.6)	(13.6)	46.6
Depreciation and amortisation	(23.8)	-	-	(23.8)
EBIT	48.1	(11.6)	(13.6)	22.8
Net interest expense				(9.3)
NPBT				13.5
Tax				(64.0)
Profit from discontinued operations				125.1
Statutory NPAT				74.5

(1) The NZME Trading Result comprises Trading Revenue, Trading Other Income, Trading Costs, Trading Earnings Before Interest, Tax, Depreciation and Amortisation (Trading EBITDA) and Trading Earnings Before Interest and Tax (Trading EBIT) which are non-GAAP measures. The NZME Trading Result for FY16 shows NZME on a standalone basis for the full year by including the Educational Media business for a full year (which is only included for the second half of the year in the Consolidated Financial Statements as it was acquired as part of the demerger), and excluding exceptional items (separately disclosed on page 32) and without adjusting for earnings from businesses divested during the year (Wairarapa Times Age and Whakatane News) which are also included in the Consolidated Financial Statements. (2) Acquired and non-trading items include Revenue of \$1.2 million and Costs of \$0.8 million relating to the Educational Media business, which is offset by Masthead Royalty charges of \$12.2 million incurred in H1 and other overhead costs previously paid for by other entities in the Group prior to the demerger. (3) Revenue of \$406.1 million agrees to Total revenues from external customers excluding revenue from shared service centre in Note 2.4.2 of the Consolidated Financial Statements. Other revenue of \$4.1 million consists of dividend income, rental income from sub-leases, revenue from shared service centre, interest income and gain on disposal of properties from the same note. All other items agree to the Consolidated Income Statement.

NZME FY15 TRADING RECONCILIATION TO FINANCIAL STATEMENTS

\$m	NZME Trading Result ¹	NZME Related Exceptionals	Acquired & Non-trading Items ²	Financial Statements ³
Revenue	433.0	-	(2.8)	430.2
Other Income	0.5	0.4	0.6	1.5
Total Revenue & Other Income	433.6	0.4	(2.3)	431.7
Costs	(358.6)	(15.5)	(26.6)	(400.7)
Adj. to FY15 for standalone costs	(3.1)	-	3.1	-
EBITDA	71.8	(15.1)	(25.7)	31.0
Depreciation and amortisation	(23.7)	-	-	(23.7)
EBIT	48.2	(15.1)	(25.7)	7.3
Net interest expense				(18.8)
NPBT				(11.5)
Tax				1.2
Profit from discontinued operations				53.2
Statutory NPAT				42.9

(1) The FY15 NZME segment result in the APN FY15 accounts was \$74.9m, this has been adjusted in the Trading Result for \$3.1m of standalone costs incurred in H2 16 to provide a like for like comparison. The NZME Trading Result comprises Trading Revenue, Trading Other Income, Trading Costs, Trading Earnings Before Interest, Tax, Depreciation and Amortisation (Trading EBITDA) and Trading Earnings Before Interest and Tax (Trading EBIT) which are non-GAAP measures. The NZME Trading Result for FY15 shows NZME on a standalone basis for the full year by including the Educational Media business for a full year (acquired as part of the demerger), and excluding exceptional items (separately disclosed on page 32) and without adjusting for earnings for business closures during the year (Pacific Magazines) which are also included in the Consolidated Financial Statements. (2) Acquired and non-trading items include Revenue of \$2.8 million and Costs of \$1.8 million relating to the Educational Media business, which is offset by Masthead Royalty charges of \$22.8 million incurred in H1 and other overhead costs previously paid for by other entities in the Group prior to the demerger. (3) Revenue of \$430.2 million agrees to Total revenues from external customers excluding revenue from shared service centre in Note 2.4.2 of the Consolidated Financial Statements. Other revenue of \$1.5 million consists of dividend income, rental income from sub-leases, interest income and gain on disposal of properties from the same note. All other items agree to the Consolidated Income Statement.

NZME FY16 & FY15 TRADING TO PRO FORMA RECONCILIATION

\$m	FY16 Pro forma Result ¹	FY15 Pro forma Result ¹
Trading EBITDA¹	71.9	71.8
Standalone costs yet to be incurred ²	(4.3)	(4.3)
Trading EBITDA¹ after standalone costs	67.6	67.5
Earnings from divestments	(0.4)	-
Pro forma EBITDA	67.2	67.5
Depreciation and amortisation	(23.8)	(23.7)
Pro forma EBIT	43.4	43.9
Interest expense ³	(4.2)	(5.5)
Pro forma NPBT	39.2	38.4
Tax ⁴	(11.4)	(10.7)
Pro forma NPAT	27.8	27.5
Earnings per share (cps)	14.2	14.0
Final dividend (cps)	6.0	

(1) The NZME Pro forma result comprises Pro forma Earnings Before Interest, Tax, Depreciation and Amortisation (Pro forma EBITDA), Pro forma Earnings Before Interest and Tax (Pro forma EBIT), Pro forma Net Profit Before Tax (Pro forma EBIT) and Pro forma Net Profit After Tax (Pro forma NPAT) which are non-GAAP measures. The NZME Pro forma Result for FY 16 shows what NZME would look like if only the continuing operations were included. It therefore starts with the Trading Result (explained and reconciled on pages 29 and 30) and is further adjusted to exclude the divestments of Wairarapa Times Age and Whakatane News from the FY16 result, and to include a full year equivalent of additional standalone costs (costs that NZME incurs as a standalone listed entity that it did not have before the demerger). The FY15 Pro forma result is per the Explanatory Memorandum for the Demerger of NZME by APN published on 11 May 2016. (2) Standalone costs yet to be incurred has been estimated based on the standalone costs disclosed in the Explanatory Memorandum for the Demerger of NZME by APN published on 11 May 2016 and taking into consideration the actual standalone costs incurred during H2. (3) Net interest expense has been calculated at NZME's current interest rate payable of 3.8% p.a. (4) Tax payable has been calculated indicatively utilising NZME's current effective tax rate of 29%.

NZME FY16 & FY15 RELATED EXCEPTIONALS

NZME Related Exceptionals (\$m)	FY16	FY15
Redundancies	(6.0)	(7.2)
Costs in relation to one-off projects	(6.9)	(5.3)
Business and property divestments	1.3	0.4
Asset write downs	-	(3.0)
NZME Related Exceptionals	(11.6)	(15.1)



- Redundancy costs relate to ongoing restructuring and integration.
- Costs in relation to one-off projects are largely due to the proposed Fairfax merger and ongoing integration programmes.
- In FY16 the profit on business divestments of \$1.3m related to the disposal of the Wairarapa and Whakatane publishing businesses, offset by a minor loss on sale of property.
- Asset write downs in FY15 relate to co-location as part of the NZME Central integration.



THANK YOU



Fifth Harmony