

NZME.

NEW ZEALAND
MEDIA AND
ENTERTAINMENT

KEEPING KIWIS IN THE KNOW

2020 FULL YEAR RESULTS

For the year ended 31 December 2020

24 February 2021

EVERYONE'S HERE

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AGENDA

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RESULTS SUMMARY

For the full year ending 31 December 2020

- Earnings growth achieved through delivery of strategic priorities and swift action in response to Covid-19:
 - Year-on-year **growth in radio advertising revenue market share¹** and iHeartRadio listening.
 - Growth of NZ Herald Premium with 102,000 subscribers – **more than 53,000 paid digital-only subscribers**. Combined print and digital **circulation revenues grew** year-on-year.
 - OneRoof continues to grow; **with more than 89% of New Zealand's residential for-sale real estate listings²**.
- 14% reduction in Operating cost base¹, expected permanent reduction of \$20.0 million per annum.
- Operating EBITDA¹ \$67.3 million, up 3%.
- Operating result¹ includes wage subsidy of \$8.6 million (net) as other revenue.
- Statutory Net Profit After Tax \$14.2 million, up 45% when adjusted for \$175.0 million impairment of intangible assets.
- Net debt reduced by \$40.9 million to \$33.8 million.

1. Operating results presented include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 financial years. Please refer to pages 35-36 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. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz at 31 December 2020.

\$331.2m

Operating Revenue¹

2019 \$371.7m ▼ 11%

\$67.3m

Operating EBITDA¹

2019 \$65.7m ▲ 3%

\$14.2m

Statutory NPAT

2019 (\$165.2m) ▲ 109%

\$22.0m

Operating NPAT¹

2019 \$17.3m ▲ 27%

11.1cps

Operating EPS¹

2019 8.8cps ▲ 26%

\$33.8m

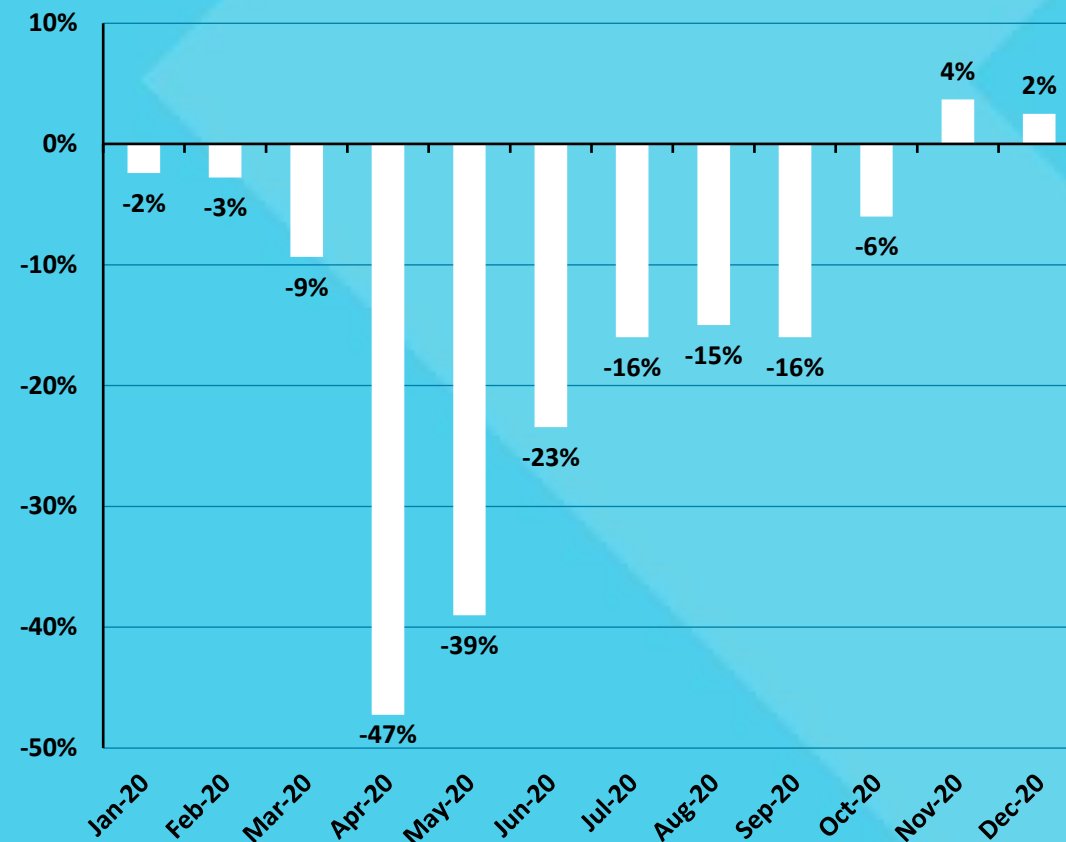
Net Debt

Reduced by \$40.9m

SWIFT ACTIONS IN RESPONSE TO COVID-19

- NZME's advertising revenue was down 15% in 2020 however, it returned to growth at the end of the year, with financial results assisted by the significant actions taken to mitigate the impacts of Covid-19 on revenues, including:
 - Prioritising the implementation of appropriate measures to protect the health and safety of our people;
 - Temporarily suspending products including a number of newspaper inserted magazines and community newspapers;
 - Implementing wide-scale workforce restructuring, resulting in reduction of more than 200 positions, representing 15% of the workforce; and
 - Applying for government assistance available:
 - Received 12-week government wage subsidy (\$8.6 million net).
 - Received radio transmission cost relief for 6 months.

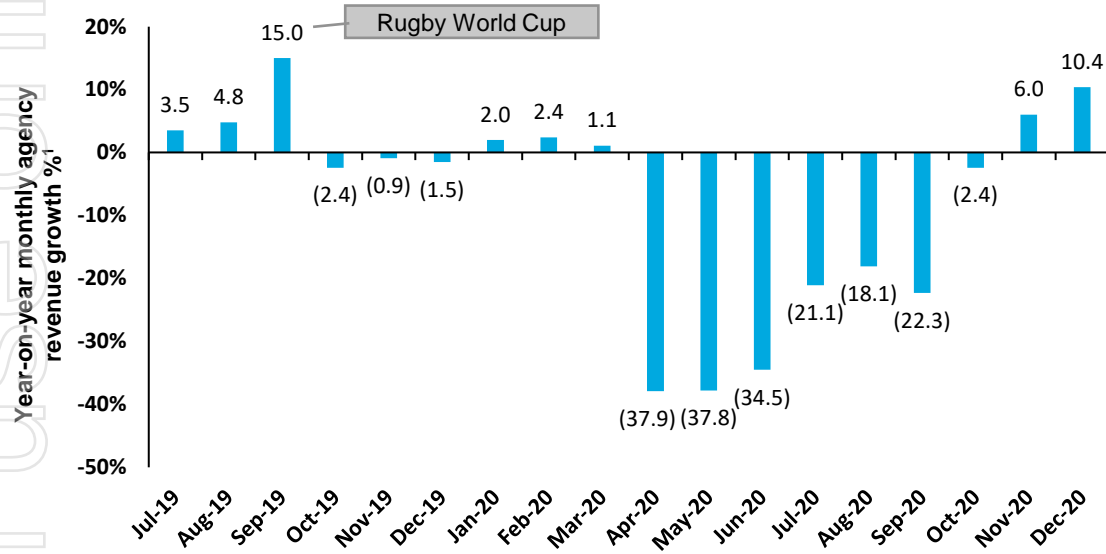
NZME Total Advertising Revenue Growth YoY



MARKET DYNAMICS

THE
HITS

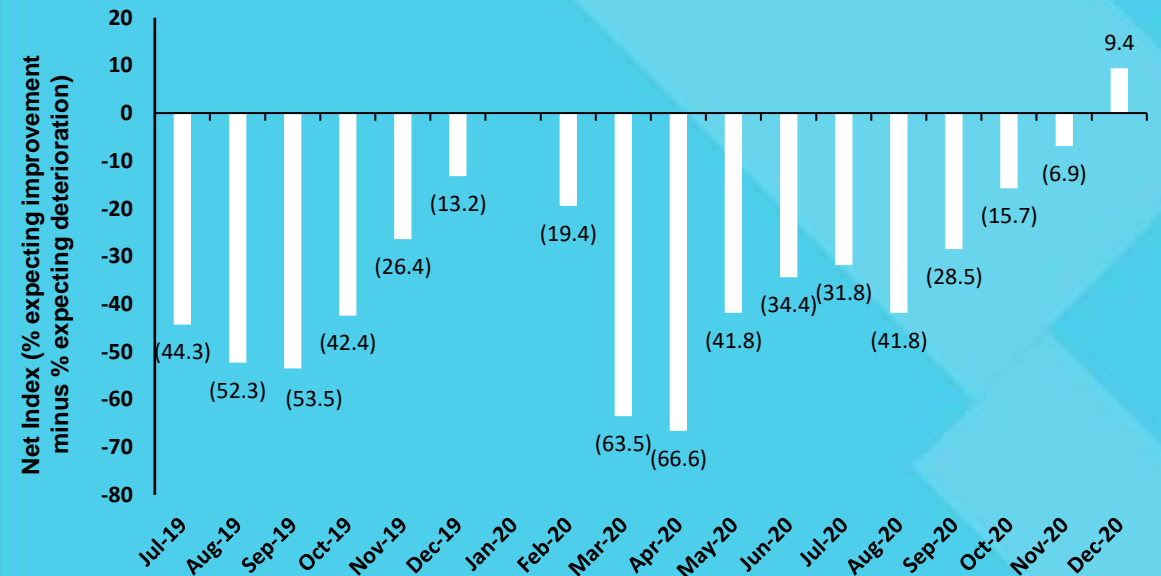
AGENCY YoY ADVERTISING MARKET



- Agency advertising market up 2.1% in Q1, prior to demand being affected by Covid-19, then falling 12.3% in the full twelve months to December 2020¹, with pressure across all channels. In the platforms where NZME operates the agency trends were as follows:
 - Radio agency advertising up 7.7% in Q1, then down 8.2% for the full year-on-year;
 - Newspaper agency advertising up 7.4% in Q1, then down 21.3% for the full year-on-year; and
 - Digital agency advertising down 2.1% in Q1, then down 4.1% for the full year-on-year.

1. Standard Media Index (SMI) NZ Data Release, December 2020

NEW ZEALAND BUSINESS CONFIDENCE



- The ANZ Business Confidence Index² for New Zealand had its first positive reading in December 2020 since August 2017. This improvement is estimated to have been driven by the imminent prospect of travel bubbles, encouraging vaccine news, and continued support from both monetary and fiscal sides.

2. Net Index (% expecting improvement minus % expecting deterioration).
Note: December 2020 report released on 18 December 2020.

NZME PERFORMANCE COMPARED TO THE MARKET.

NZME continues to outperform the market in all four pillars.

Print circulation (YoY growth)

NZME print circulation revenue	(4.7%)
NZME movement – print readership ¹	9.2%
Market movement – print readership ¹	2.8%
NZME print readership market share ¹	54.1%

Print advertising (YoY growth)

NZME print advertising revenue	(26.4%)
Market movement – Print revenue ²	(26.6%)
NZME print revenue market share ²	47.1%

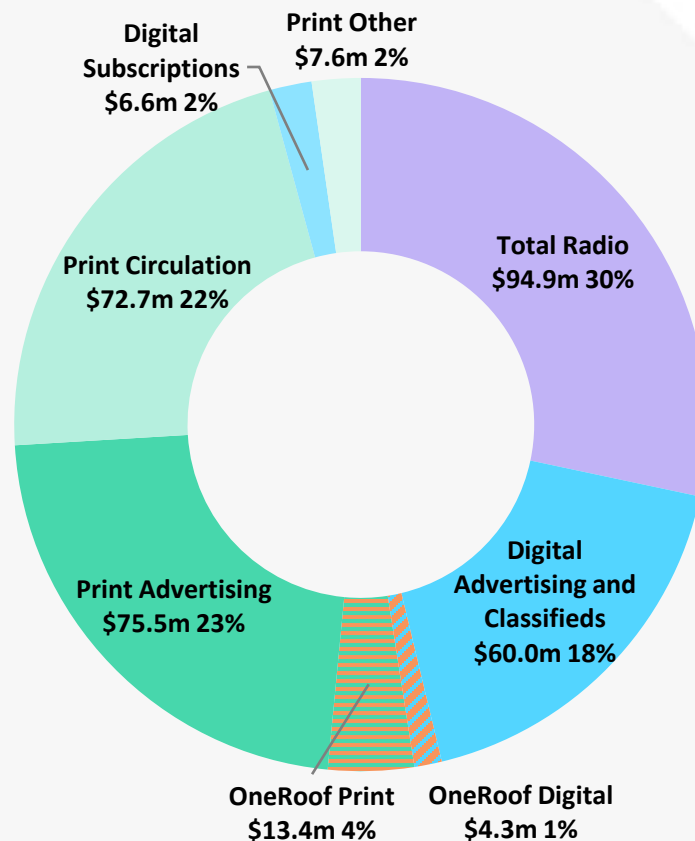
Radio advertising (YoY growth)

NZME radio advertising revenue	(14.1%)
Market movement – Radio revenue ³	(16.0%)
NZME radio revenue market share ³	40.4%

Digital display advertising (YoY growth)

NZME digital display advertising revenue	(0.8%)
Market movement – General Display revenue ⁴	(6.6%)
NZME general display market share ⁴	24.3%

2020 Total Segment Revenue \$317.3m



1. Nielsen CMI Fused Q4 19 – Q3 20, People 15+. We are unable to provide a market comparable for circulation growth at this time due to ABC suspending all audits until March 2021 due to Covid-19.
2. PwC NPA quarterly performance comparison report, December 2020, 12 months to 31 December 2020 vs 12 months to 31 December 2019. Note: includes real estate print products.
3. PwC Radio advertising market benchmark report, 12 months to 31 December 2020 vs 12 months to 31 December 2019. Note: report excludes independent broadcasters and contra revenue.
4. IAB digital advertising revenue – General Display, IAB NZ Digital advertising revenue report, Q3 2020. Q4 report not yet available.

DIVISIONAL PERFORMANCE AND STRATEGY

NZME – AN AUDIENCE AND CUSTOMER CENTRIC MULTI-CHANNEL MEDIA BUSINESS

 **The New Zealand Herald**

#1 Daily newspaper in NZ¹

 **Herald Premium**

Now over 102,000 digital subscribers

 **nzherald.co.nz**

NZ's #1 digital news provider³

32 print publications

9 audio brands

News

Entertainment

Sport

Classifieds



17 websites

19 real estate publications



#1 25-54 year-old breakfast show in NZ^{2*}

NewstalkZB

NZ's #1 radio station and favourite breakfast talk show²



89% of residential for-sale listings nationwide⁴

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NEW ZEALAND
MEDIA AND
ENTERTAINMENT

¹Nielsen CMI Q4 19 – Q3 20 AP15+ ²GfK Radio Audience Measurement, Commercial Radio Stations, Total NZ 4/2020, M-S 12mn-12mn & M-F 6am-9am, Commercial Market Share %, AP10+

^{2*}AP25-54, Cumulative Audience ³Nielsen Online Ratings Dec 2020 AP15+ (excludes APP) ⁴OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz.

NEW DIVISIONAL REPORTING FRAMEWORK

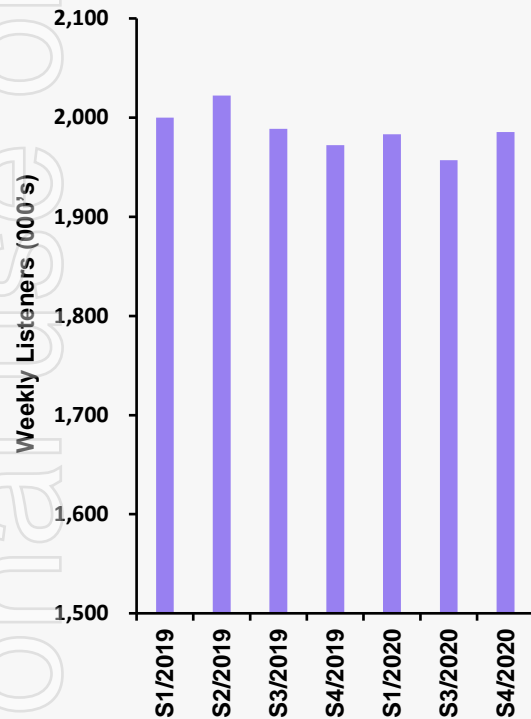
OLD	Total
Print	
Radio	
Digital	
Total Revenue	
Operating Expenses:	
People and contributors	
Print and distribution	
Agency commission and marketing	
Property	
Content	
IT and communications	
Other	
Total Operating Expenses	
Operating EBITDA¹	

NEW	Audio	Publishing	OneRoof	Other	Total
Reader					
Advertising					
Other					
Total Revenue					
Operating Expenses:					
People and contributors					
Print and distribution					
Agency commission and marketing					
Other					
Total Operating Expenses					
Operating EBITDA¹					

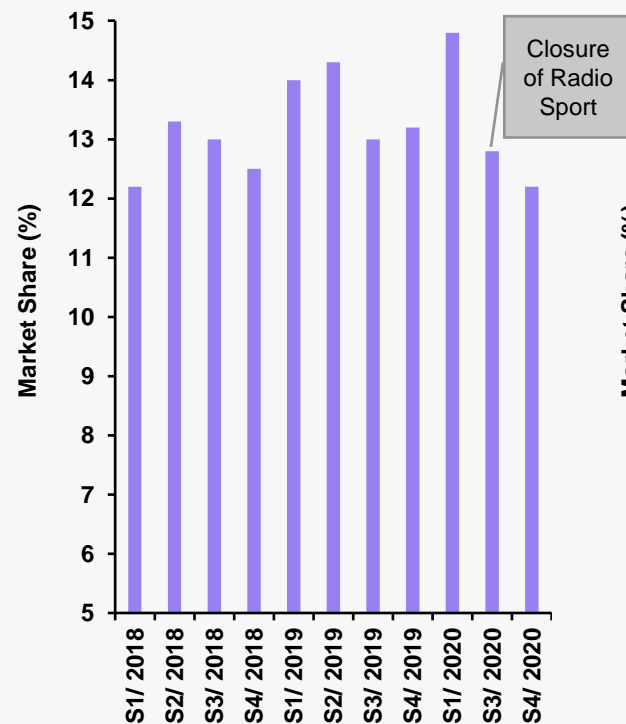
¹ Operating results include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 financial years. Please refer to pages 35-36 of this results presentation for a detailed reconciliation. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

AUDIO LISTENERS AND MARKET SHARE

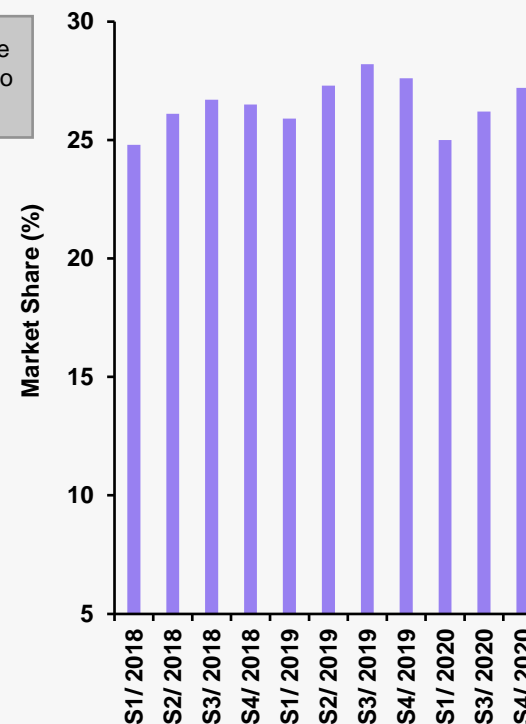
**NZME Radio weekly listeners
–Total including partners¹**



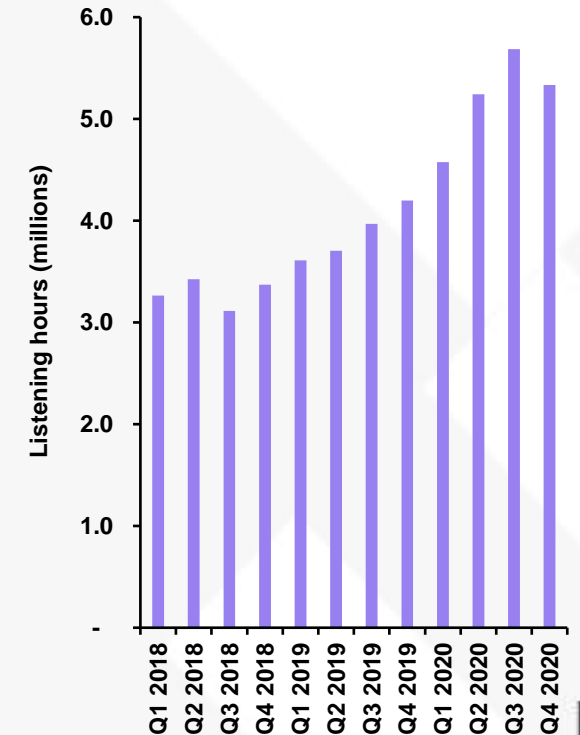
**NZME Talk Radio –
Major Markets All 10+ Share²**



**NZME Music Radio –
Major Markets 25-54 Share³**



**iHeartRadio Average Monthly
Total Listening Hours (million)⁴**



1. GfK Radio Audience Measurement, Commercial Stations, NZME and Partners, Cumulative Audience, Total NZ, S1 2019 - S4 2020. AP10+.
2. GfK Radio Audience Measurement, Commercial Talk Stations, NZME, Market Share, Major Markets, S1 2018 - S4 2020, AP10+. Note: Radio Sport closed prior to S3 2020.
3. GfK Radio Audience Measurement, Commercial Music Stations, NZME, Market Share, Major Markets, S1 2018 - S4 2020, People 25-54 y/o. Note: Gold included from S3 2020.
4. AdsWhizz and StreamGuys, December 2020.

\$ million	2020	2019	% change
Radio advertising	91.6	108.5	(16%)
Digital audio advertising	2.4	1.7	45%
Other	5.6	1.8	213%
Audio revenue	99.6	111.9	(11%)
People & Contributors	(50.0)	(54.0)	(7%)
Agency Commission & Marketing	(14.9)	(19.3)	(23%)
Content	(5.8)	(7.0)	(17%)
Other	(9.1)	(12.0)	(24%)
Audio expenses	(79.8)	(92.4)	(14%)
Audio EBITDA¹ (incl. NZ IFRS 16)	19.8	19.5	2%
NZ IFRS 16 Adjustment	(5.7)	(6.9)	(18%)
Audio EBITDA¹ (pre NZ IFRS 16)	14.2	12.6	12%
EBITDA¹ Margin (pre NZ IFRS 16)	14%	11%	3 ppt

AUDIO

For the full year ending 31 December 2020

- Radio revenue commenced the year in growth prior to the impact of Covid-19.
- Radio revenue market share grew year-on-year to 40.4% in 2020, up from 39.5% for the comparable period².
- iHeartRadio revenue grew 45% in 2020 to \$2.4 million, supported by significant growth in users and engagement in music and podcasts³.
- Other revenue includes a government wage subsidy of \$3.7 million received in H1 2020.
- Initiatives implemented in March 2020 to mitigate the impact of Covid-19 included the closure of Radio Sport.
- EBITDA¹ growth (incl. NZ IFRS 16) of 2% achieved as cost initiatives, including workforce restructuring, resulted in a 14% reduction in Audio expenses, outweighing revenue decline of 11%.

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, 12 months to 31 December 2020 vs 12 months to 31 December 2019. Note: report excludes independent broadcasters and contra revenue.
3. iHeartMedia, Adobe Analytics, December 2020.

AUDIO STRATEGY: NEW ZEALAND'S LEADING AUDIO COMPANY

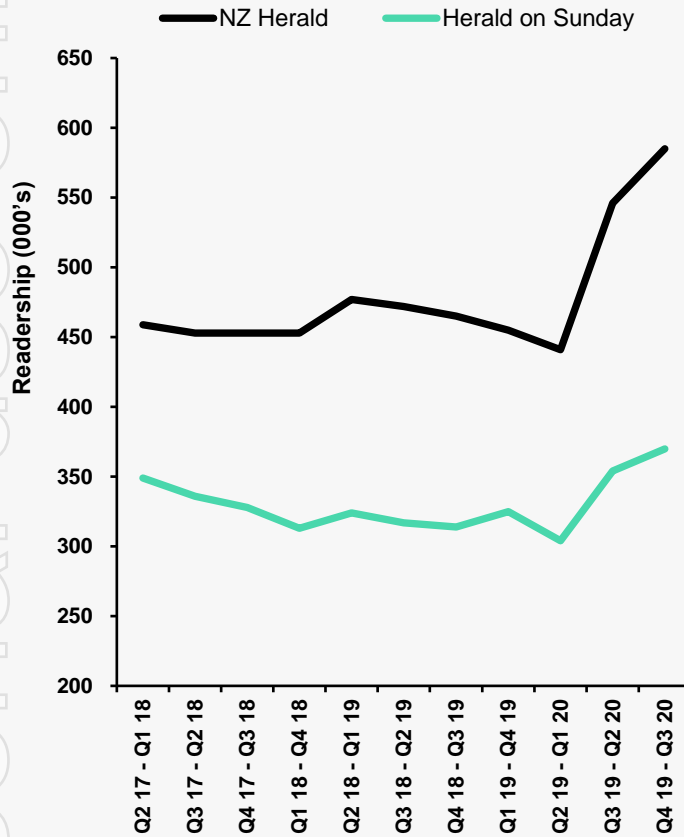


Create New Zealand's best local audio content		Grow broadcast and digital reach		Grow market revenue share and digital revenue
Metric	2020 Achievement	2023 Target	2021 Initiatives	
NZME Share of total audience	35.6% ¹	> 1% share point growth per annum	<ul style="list-style-type: none"> Grow 10+ audience market share, focused on key 25-54 y/o demographic Be the station of choice in each format Continue to identify, attract and retain the best talent Extend national reach through iHeartRadio, strategic frequency acquisitions and investing in local content Maximise the distribution of content across multiple platforms 	
Radio Revenue Share	40.4% ²	> 1% share point growth per annum	<ul style="list-style-type: none"> Closing the gap in the 25-54 demographic will drive incremental revenue Realise regional opportunities to increase revenue share in line with major markets Enhance sales capability with the best sales talent Further leverage integrated selling through training and development 	
Digital audio revenue as a % of total audio revenue	2.4%	5%	<ul style="list-style-type: none"> Position NZME as the leading local podcaster through continued growth in audience and engagement Accelerate iHeartRadio utilisation including cross-promotion across all NZME's platforms Lead the industry in digital audio monetisation, supported by the appointment of a Head of Digital Audio 	
EBITDA ³ Margin Target (pre NZ IFRS 16)	14%	15 – 17%		

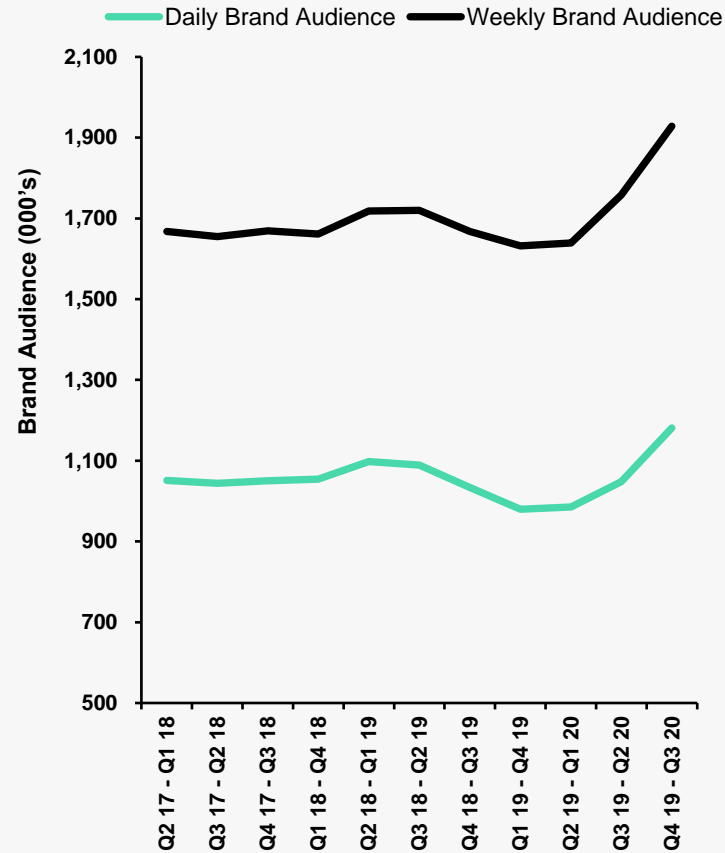
1. GfK Radio Audience Measurement, Commercial Stations, NZME excl. Partners, Market Share %, S4 2020, AP10+.
 2. PwC Radio advertising market benchmark report, 12 months to 31 December 2020 vs 12 months to 31 December 2019.
 3. EBITDA is a non-GAAP measure and is presented as excluding the impact of NZ IFRS 16, however excluding exceptional items (redundancy costs, one-off projects and other exceptional items).

PUBLISHING BRAND AUDIENCE

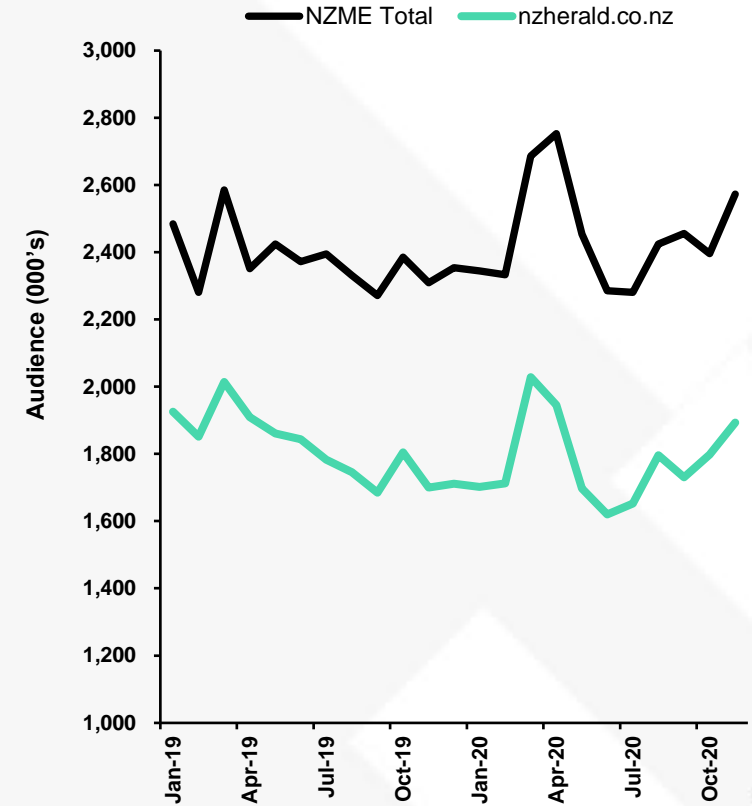
NZ Herald (Mon-Sat) and Herald on Sunday Average Issue Readership¹



NZ Herald Daily and Weekly Brand Audience²



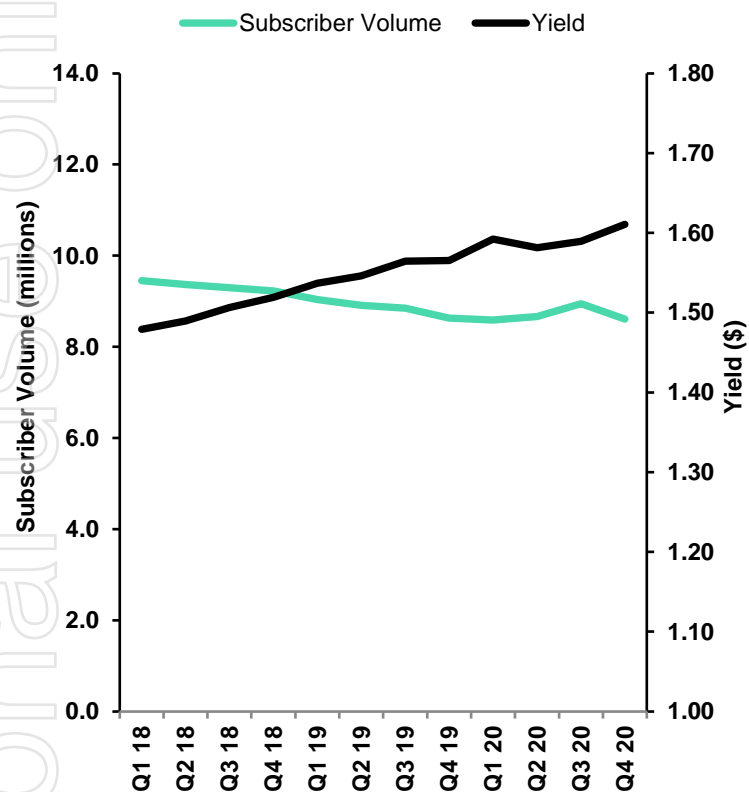
NZME Total Monthly Digital Users²



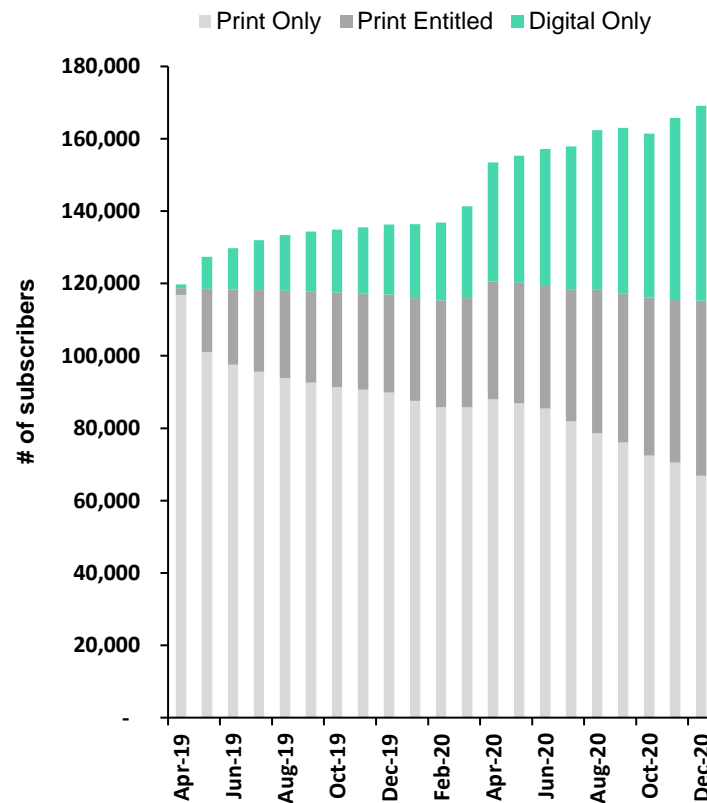
1. Nielsen CMI Q2 17 – Q3 20, November, AP 15+, average issue readership trend.
2. Nielsen CMI Q2 17 – Q3 20, November, AP 15+.

PUBLISHING SUBSCRIBERS

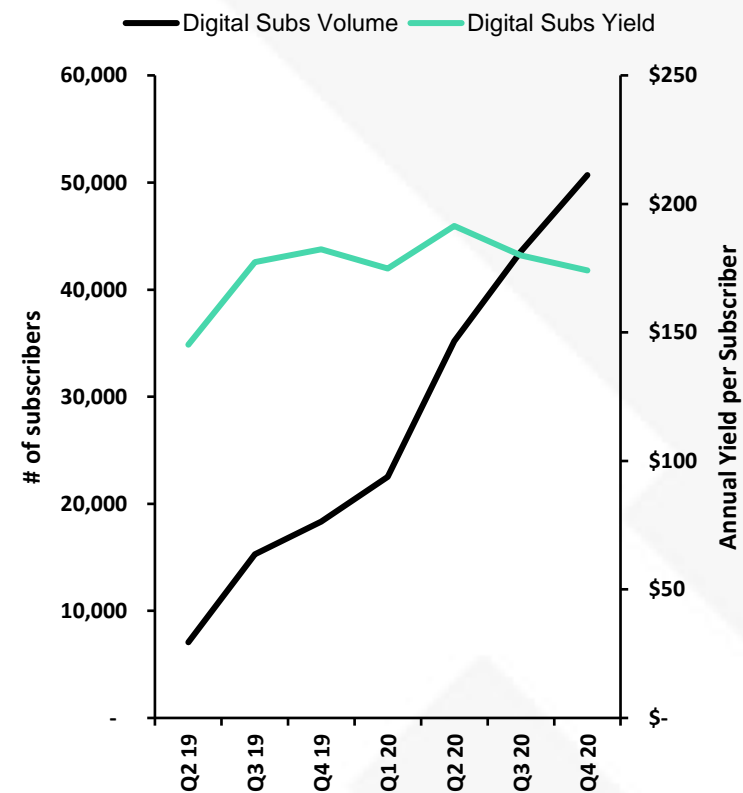
Print Subscriber Volume and Yield¹



Subscriptions Mix



Digital Only Subscriptions Volume & 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.

PUBLISHING

For the full year ending 31 December 2020

\$ million	2020	2019	% change
Print subscriptions	55.8	55.3	1%
Digital subscriptions	6.6	1.7	297%
Retail outlet sales	16.9	21.0	(20%)
Total reader revenue	79.3	78.0	2%
Print advertising	62.1	84.9	(27%)
Digital advertising	44.6	43.6	2%
Total advertising revenue	106.7	128.6	(17%)
Other	15.5	18.2	(15%)
Publishing revenue	201.5	224.8	(10%)
People & Contributors	(75.9)	(82.9)	(8%)
Print & Distribution	(40.2)	(50.9)	(21%)
Agency Commission & Marketing	(16.8)	(20.2)	(17%)
Content	(7.0)	(8.1)	(13%)
Other	(14.2)	(15.1)	(6%)
Publishing expenses	(154.0)	(177.2)	(13%)
Publishing EBITDA¹ (incl. NZ IFRS 16)	47.5	47.6	0%
NZ IFRS 16 Adjustment	7.8	7.2	7%
Publishing EBITDA¹ (pre NZ IFRS 16)	39.7	40.4	(2%)
EBITDA¹ Margin (pre NZ IFRS 16)	20%	18%	2 ppt

- Growth in total reader revenue of 2% with significant growth in digital subscriptions and 1% growth in print subscriptions offsetting the 20% decline in retail outlet sales.
- Subscriber revenue growth achieved through 3% yield growth offsetting a 2% decline in volume.
- Print advertising revenue down 27% year-on-year, largely due to the impacts of Covid-19 on advertising revenues, including the temporary suspension of newspaper inserted magazines and community newspapers.
- Digital advertising revenue growth of 2% supported by audience growth² and a gain in digital display market share³.
- Other publishing revenue includes \$4.2 million of government wage subsidy received in H1 2020 and has also been impacted by reduced third-party printing volumes; however, this has been substantially offset by a reduction in print expenses.
- EBITDA¹ (incl. NZ IFRS 16) maintained year-on-year as cost initiatives, including work force restructuring, resulted in a 13% reduction in Publishing expenses and a 2ppt increase in EBITDA¹ margin to 20%.

1. EBITDA is a non-GAAP measure which excludes exceptional items (redundancy costs, one-off projects and other exceptional items).
 2. Nielsen CMI Q4 19 – Q3 20, November, AP 15+.
 3. IAB digital advertising revenue – General Display, IAB NZ Digital advertising revenue report, Q3 2020. Q4 report not yet available.

PUBLISHING STRATEGY: NEW ZEALAND'S HERALD



The #1 News brand for all
New Zealanders

Subscriber first

Be a safe, scalable destination
for advertisers

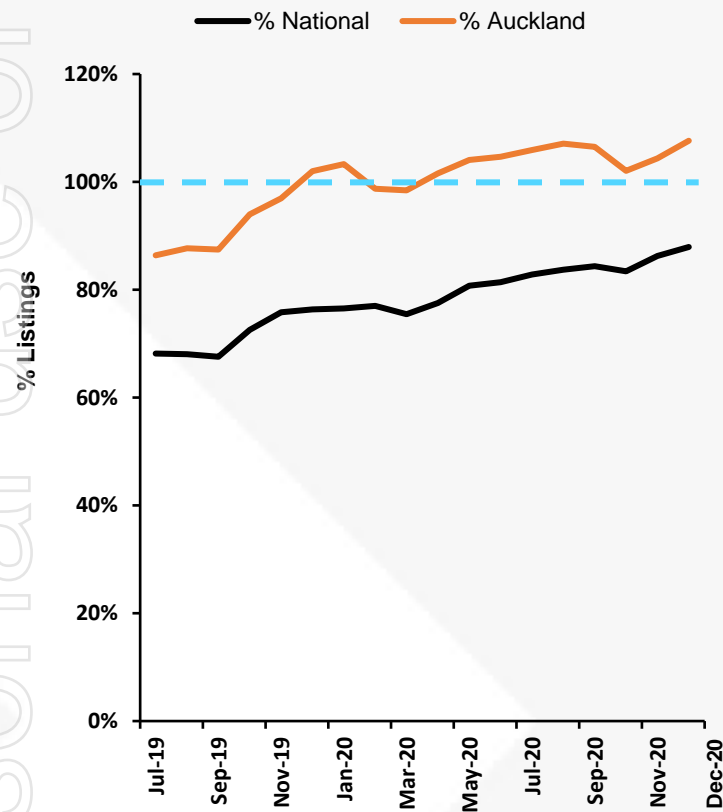
Metric	2020 Achievement	2023 Target	2021 Initiatives
Subscription Volume Target	169,000 subscribers	More than 210,000 subscribers by year-end	<ul style="list-style-type: none"> Continue to actively sell print subscriptions and improve retention with NZ Herald Premium upgrade, continue to optimise yield Grow our local and national audience and engagement by building our community connection and providing enhanced reader personalisation Building business, political and investigative journalism New partnerships that offer diverse content and storytelling Enabling our people to tell stories mobile-first, enhancing video storytelling Continue acquiring subscribers by leveraging quality journalism and customer propensity to pay, ongoing focus on engagement and yield management Utilise best-in-class funnel conversion techniques New product/content vertical
Subscription Volume Mix	32% / 68%	Digital Only > Print	
% Households Subscribing	9% ¹	> 12% by year-end	
Advertising Revenue Mix	42% Digital	> 45% Digital	<ul style="list-style-type: none"> Increased use of authenticated audience and customer data across the NZME network Continue to evolve advertising technology and tools to monetise opportunities Create new advertiser opportunities across NZME's brand-safe environment
EBITDA ¹ Margin Target (pre NZ IFRS 16)	20%	19 - 20%	

1. Stats.govt.nz Dwelling and household estimates: December 2020 quarter.

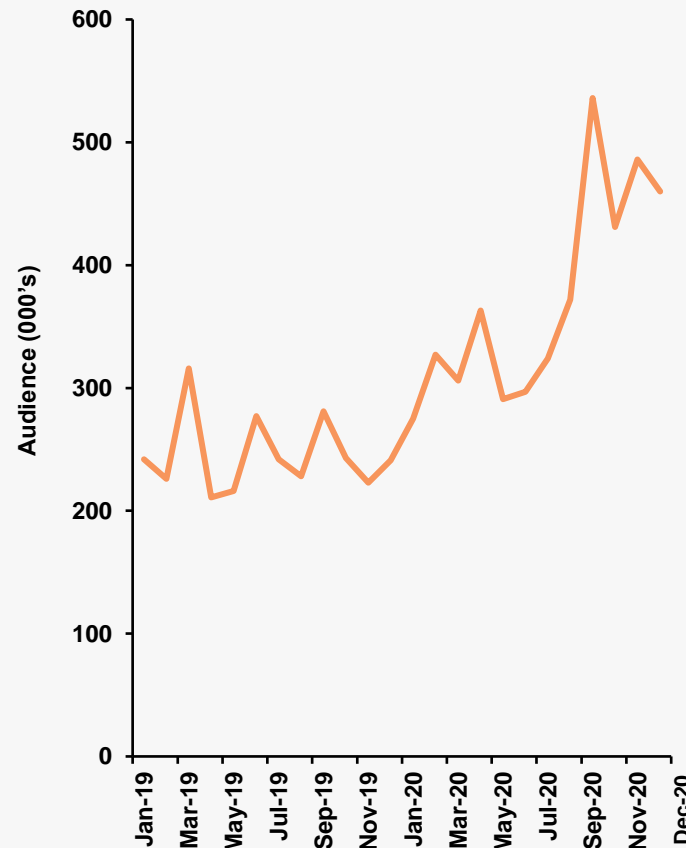
2. EBITDA is a non-GAAP measure and is presented as excluding the impact of NZ IFRS 16, however excluding exceptional items (redundancy costs, one-off projects and other exceptional items).

ONEROOF AUDIENCE & LISTINGS

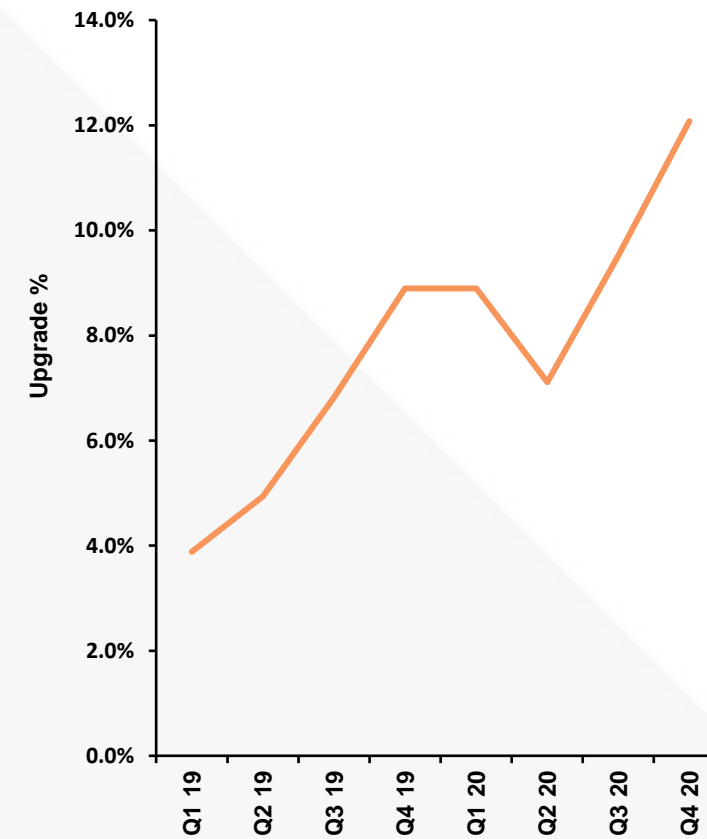
OneRoof Auckland and national residential for-sale listings as a % of Trademe¹



OneRoof Monthly Unique Online Audience²



OneRoof Average Digital Listings Upgrade %



1. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz.
2. Nielsen Online Ratings, December 2020.

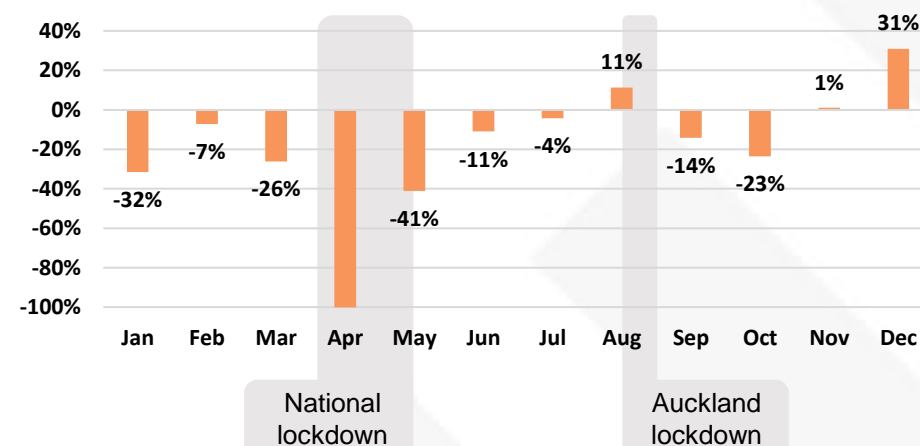
\$ million	2020	2019	% change
Print	13.4	17.3	(23%)
Digital	4.3	2.8	53%
Other	0.9	0.2	390%
OneRoof revenue	18.6	20.3	(8%)
People & Contributors	(6.3)	(7.5)	(17%)
Print & Distribution	(6.3)	(6.7)	(6%)
Agency Commission & Marketing	(1.8)	(2.6)	(32%)
Content	(1.2)	(0.9)	30%
Other	(0.9)	(1.5)	(40%)
OneRoof expenses	(16.5)	(19.3)	(14%)
OneRoof EBITDA¹ (incl. NZ IFRS 16)	2.1	1.0	104%
NZ IFRS 16 Adjustment	(0.5)	(0.5)	-
OneRoof EBITDA¹ (pre NZ IFRS 16)	1.6	0.5	224%
EBITDA¹ Margin (pre NZ IFRS 16)	8%	2%	6 ppt
Total Real Estate revenue across all NZME brands	34.9	40.5	(14%)

ONEROOF

For the full year ending 31 December 2020

- OneRoof print revenue significantly impacted by Covid-19 in some months, however returned to growth in Q4 (see below).
- Digital classifieds revenue of \$4.3 million in 2020, of which 74% relates to listings.
- Other revenue includes \$0.7 million of government wage subsidy received in H1 2020.
- Launch of seven new OneRoof Local publications during the year, now 19 real estate publications in total.
- EBITDA¹ (incl. NZ IFRS 16) of \$2.1 million achieved as cost initiatives, including workforce restructuring, resulted in a 14% reduction in OneRoof expenses, outweighing revenue decline of 8%, and leading to a 6ppt increase in EBITDA¹ margin to 8%.

OneRoof Print Monthly Revenue Growth YoY



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

ONEROOF STRATEGY: YOUR COMPLETE PROPERTY DESTINATION



Strengthen core residential listings business			Be indispensable to agents	Expand the portfolio
Metric	2020 Achievement	2023 Target	2021 Initiatives	
Residential Listings	89% ¹	100% of listings	<ul style="list-style-type: none"> New leadership structure with dedicated Head of OneRoof, focused singularly on delivery of OneRoof growth strategy Leverage NZME sales capability to drive national growth strategy Continue to build listings coverage through solid Agent relationships Become an essential listings marketplace for all participants Utilise the strength of NZME audience and expand OneRoof Local magazines as a geo-targeted complement to digital vendor listings 	
Audience	#2 at 460k, average gap to #1 of 188k ²	Reduce gap to #1	<ul style="list-style-type: none"> Contextual and content marketing products that drive engaged audience Listing, Profile and Agent Lead-generation tools based on OneRoof audience data Sustained brand presence across all key regions leveraging NZME network, local print publications and mainstream media 	
Listings Upgrade %	10%	50% of residential listings	<ul style="list-style-type: none"> Provide a suite of products that provide scale and relevancy to deliver results for vendors and advertisers 	
Revenue	24% / 76%	Digital > Print	<ul style="list-style-type: none"> Expand the portfolio to further verticals and services Diversify overall OneRoof real estate revenue 	
EBITDA ³ Margin Target (pre NZ IFRS 16)	9%	15 - 25%		



1. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz.
2. Nielsen Online Ratings, December 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	2020	2019	% change
Revenue	9.0	9.8	(8%)
People & Contributors	(3.6)	(5.0)	(28%)
Agency Commission & Marketing	(0.9)	(0.8)	18%
Content	(0.3)	(0.1)	152%
Other	(1.3)	(1.0)	24%
Total expenses	(6.1)	(7.0)	(12%)
EBITDA¹ (incl. NZ IFRS 16)	2.9	2.8	4%
NZ IFRS 16 Adjustment	(0.3)	(0.3)	1%
EBITDA¹ (pre NZ IFRS 16)	2.6	2.5	4%
EBITDA¹ Margin (pre NZ IFRS 16)	29%	26%	3 ppt

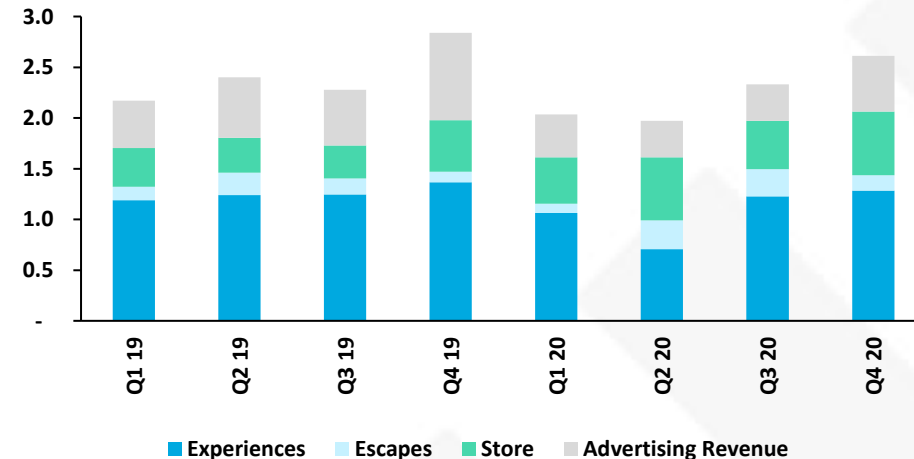
1. EBITDA is a non-GAAP measure which excludes exceptional items (redundancy costs, one-off projects and other exceptional items).

GRABONE

For the full year ending 31 December 2020

- GrabOne, now classified as a held-for-sale asset, achieved EBITDA¹ growth of 4% in 2020 as significant cost reductions outweighed the revenue impact relating to Covid-19.
- Covid-19 has seen an acceleration in 'Store' e-Commerce revenues, up 40% year-on-year, with gross Store sales totalling \$12 million, up from \$9 million in FY19.

GrabOne Revenue by Type



CORPORATE & OTHER

For the full year ending 31 December 2020

\$ million	2020	2019	% change
Revenue	2.4	4.9	(30%)
People & Contributors	(3.4)	(4.4)	(22%)
Agency Commission & Marketing	(0.3)	(0.7)	(55%)
Content	(0.5)	(0.6)	(12%)
Other	(3.2)	(4.6)	(31%)
Total expenses	(7.4)	(10.2)	(28%)
EBITDA¹ (incl. NZ IFRS 16)	(5.0)	(5.3)	(6%)
NZ IFRS 16 Adjustment	(0.1)	(0.1)	(52%)
EBITDA¹ (pre NZ IFRS 16)	(5.0)	(5.4)	(7%)

- Other revenue, which includes Driven and Events, reduced \$2.5 million primarily due to the cancellation of events due to Covid-19. This revenue decline was partially offset by an increase in Driven revenue year-on-year.
- Other expenses include corporate overheads.

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

2020 FULL YEAR FINANCIAL RESULTS

OPERATING RESULTS

For the full year ended 31 December 2020

- **Operating EBITDA¹ grew 3% in 2020.**
- Segment revenue decreased 13% to \$317.3 million reflecting the significant impacts of Covid-19 on advertising revenue.
- Other revenue includes an \$8.6 million (net) government wage subsidy received in H1 2020.
- Cost initiatives accelerated and implemented in response to Covid-19 pandemic resulted in a decrease in Operating expenses¹ of 14%.
- Net interest expense reduced in line with the reduction in Net debt.
- Operating NPAT¹ increased \$4.7 million to \$22.0 million, and Operating earnings per share increased to 11.1 cents per share.

\$ million	2020	2019	% change
Segment revenue	317.3	363.7	(13%)
Other revenue	13.8	8.0	73%
Operating Revenue¹	331.2	371.7	(11%)
Operating expenses ¹	(263.8)	(306.0)	(14%)
Operating EBITDA¹	67.3	65.7	3%
Depreciation and amortisation on owned assets	(17.7)	(18.9)	(6%)
Depreciation on leased assets	(12.5)	(12.8)	(2%)
Net interest expense on loans	(3.2)	(4.6)	(31%)
Interest expense on leases	(5.0)	(4.8)	4%
Operating NPBT¹	28.9	24.6	18%
Taxation expense	(6.9)	(7.3)	(5%)
Operating NPAT¹	22.0	17.3	27%
Operating Earnings per Share¹	11.1	8.8	26%

Operating EBITDA excl. NZ IFRS 16 **53.0** **50.6** **5%**

1. Operating results presented include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 financial years. Please refer to pages 35-36 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.

\$ million	2020	2019	% change
People and contributors	139.2	153.8	(10%)
Print and distribution	46.5	57.6	(19%)
Agency commission and marketing	34.7	43.6	(21%)
Content	14.9	16.8	(11%)
Other expenses:			
Property	5.6	6.6	(15%)
IT and communications	11.9	11.7	2%
Other	11.0	15.8	(30%)
Total other expenses	28.6	34.1	(16%)
Total operating expenses	263.8	306.0	(14%)
Exceptional items:			
Redundancies	8.3	6.0	
One off projects and other exceptional items	0.5	2.9	
Impairment of intangible assets	-	175.0	
Impairment of financial assets	-	0.9	
Compensation for franking credits	(0.8)	-	
Total exceptional items	8.0	184.9	

Note: Net exceptional items of \$6.6 million on slide 34 includes other revenue relating to transmission and property lease cost relief.

EXPENSES

For the full year ended 31 December 2020

- People and contributors and content expenses reduced 10% and 11% respectively, reflecting cost saving initiatives in response to Covid-19.
- Printing and distribution expense reduced 19% due to a significant reduction in print and delivery volumes, mostly relating to the temporary suspension of some print products due to Covid-19, and reduced third-party print volumes.
- Agency commission and marketing expense reduced 21% in line with revenue decline.
- Other expenses reduced 30% primarily due to cancellation of events and savings in travel, entertainment and professional fees.
- The annualised permanent reduction in cost base is expected to be \$20.0 million per annum.
- Exceptional items in 2020 largely relate to redundancies due to workforce restructuring.

\$ million	31 December 2020	31 December 2019
Trade, other receivables and inventory	45.4	54.4
Trade and other payables	(43.8)	(51.5)
Current tax (payable)/receivable	(1.6)	(0.3)
Net assets held for sale (WC)	(7.1)	-
Net working capital excluding cash	(7.2)	2.7
Plant property & equipment, intangibles and other non-current assets	193.5	209.5
Right of use assets (NZ IFRS 16)	85.4	75.5
Lease liabilities (NZ IFRS 16)	(107.5)	(95.9)
Net interest-bearing liabilities	(33.8)	(74.7)
Deferred tax	(0.3)	(0.6)
Net assets held for sale (FA/IA)	1.9	-
Net Assets	132.1	116.5

BALANCE SHEET

As at 31 December 2020

- Decrease in trade, other receivables and inventory primarily due to an improvement in collections.
- Decrease in trade and other payables largely due to GrabOne now being classified as net assets held for sale.
- Increase in right of use assets and lease liabilities due to the extension of leases relating to transmission sites.
- Net debt reduced by \$40.9 million in 12 months to \$33.8 million as at 31 December 2020.

\$ million	2020	2019
Operating EBITDA¹	67.3	65.7
NZ IFRS 16 interest paid on leases	(4.8)	(4.8)
Interest received	0.1	0.1
Interest paid on bank facilities	(3.1)	(4.7)
Working capital movement	10.1	4.6
Exceptional items	(8.0)	(8.8)
Tax paid	(2.7)	(4.5)
Non-cash items in EBITDA	(2.0)	(0.6)
Cash flow from operations	56.9	47.1
Capital expenditure	(6.3)	(11.8)
Proceeds from sale of plant, property and equipment	-	0.1
NZ IFRS 16 lease liability principal repayment	(9.5)	(11.5)
Cash movement in Net Debt	41.1	23.8
Non-cash borrowing costs	(0.2)	(0.2)
Movement in Net Debt	40.9	23.6

CASH FLOWS

For the year ended 31 December 2020

- Operating¹ cash flows increased \$9.9 million in the year to \$56.9 million, substantially due to increased earnings and lower working capital.
- Capital expenditure was \$6.3 million in 2020, compared to \$11.8 million in 2019 with expenditure contained in response to Covid-19.
- Ongoing capital expenditure is expected to be approximately \$10 million - \$12 million per annum.
- Lease liability principal repayments reduced to \$9.5 million due to transmission cost relief received from the government and rent concessions.

1. Operating results presented include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 financial years. Please refer to pages 35-36 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.

CAPITAL MANAGEMENT

For the year ended 31 December 2020

- Capital management plan is to reduce debt while maintaining investment in growth opportunities across the business.
- Net debt reduced by \$40.9 million in 12 months to \$33.8 million as at 31 December 2020.
- Leverage ratio (Net Debt to 12-month Operating EBITDA pre NZ IFRS 16¹) decreased to 0.6 times as at 31 December 2020.
- New bank facilities limit dividend payments until after 30 June 2021.
- Leverage ratio now at lower end of target range.

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.

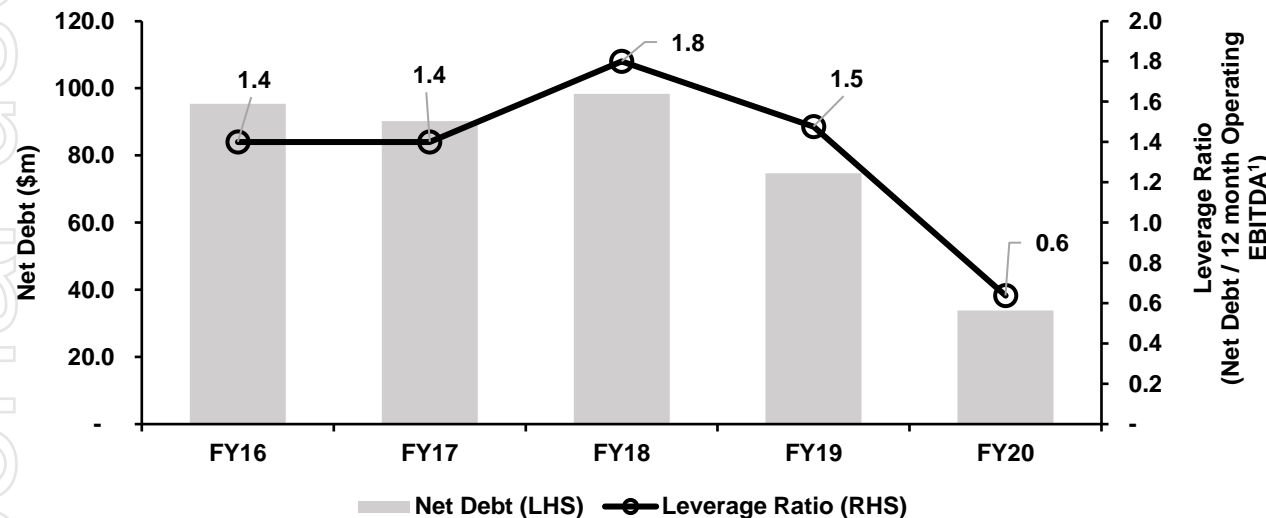
Target Leverage Ratio of 0.5 to 1.0 times rolling 12 month EBITDA¹ (pre NZ IFRS 16).

Full dividend policy is available at www.nzme.co.nz/investor-relations/dividends/



31 December 2020 31 December 2019

12-months Operating EBITDA (pre NZ IFRS 16) ¹	53.0	50.6
Interest Expense	2.9	4.4
Net interest cover (Operating EBITDA (pre NZ IFRS 16) ¹ / Interest Expense)	18.1	11.5
Net Debt (\$ million)	33.8	74.7
Leverage Ratio (Net debt / 12-month Operating EBITDA (pre NZ IFRS 16) ¹)	0.6	1.5



1. Operating results presented and used in these calculations exclude the impact of NZ IFRS 16 and exclude exceptional items. Please refer to pages 35-36 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.

OUTLOOK

We continue to remain alert to the ongoing impacts of Covid-19 and the future economic environment and changing market dynamics.

While business confidence has improved significantly, advertisers remain cautious regarding their placement of advertising, with more bookings being made 'in the month' than previously experienced.

On the basis of continued improvement in economic conditions, Covid-19 recovery, improved revenue trends and permanent cost reductions we would expect profit growth in 2021.

Given the significant reduction in debt, and based on this outlook and NZME's capital requirements, the Board expects to be able to return to payment of dividends in the second half of 2021.

We look forward to providing you with further updates on our strategic priorities at our Annual Shareholders' Meeting in Q2 2021.

Q&A

THANK
YOU

SUPPLEMENTARY INFORMATION

OUR SUSTAINABILITY COMMITMENT

No one could have anticipated the impact of Covid-19 on the nation, our economy, our business or our people – nor the flow on effect across our sustainability commitment.

Covid-19 in many respects accelerated our sustainability initiatives, from ways of working through to reductions in travel and our fleet. In other respects, it simply brought initiatives to a complete halt while in lockdown.

The following is a snapshot of 2020 activity.



OUR COMMUNITIES

RESPONSIBLE REPORTING AND BROADCASTING



NZME provided a balanced reporting platform keeping Kiwis in the know as Covid-19 swept the globe and directly impacted New Zealanders.

CONNECTING COMMUNITIES

During Covid-19's impact NZME's Go NZ! campaign across newspapers, websites and radio networks highlighted how we can all play a part in rebuilding local economies.



SHARING OUR PLATFORMS



NZME partnered with a number of organisations to champion charitable causes and facilitate conversations that matter. For example:

- Cure Kids
- KidsCan
- MusicHelps
- Pet Refuge New Zealand
- Plunket
- Shine (Making Homes Violence Free)
- Surf Lifesaving NZ

OUR PEOPLE

HEALTH AND SAFETY



NZME promoted a healthy and safe workplace through all Covid-19 levels, including lockdowns, with regular communications and support from senior leaders.

DIVERSITY



NZME continued to support a diverse range of lifestyle choices through enabling flexible working options for our employees.

The gender pay gap in each area of the business was reviewed and actions were sought to address the gap and to address any specific gender pay issues identified.

NZME has recognised the need to focus on improving ethnic and cultural diversity both in our people and the content we produce. We have improved the quality of our data and have appointed a Head of Cultural Partnerships in our newsroom.

CHAMPIONING THE CRAFT



NZME employed 20 interns and cadets and has begun a partnership with TupuToa, an internship programme that provides professional opportunities for Māori and Pacific tertiary students. NZME celebrated the achievements of our people across all major industry awards

EQUIPPING OUR PEOPLE



Our people undertook a total of 8,763 hours of training across broad aspects of the business.

OUR ENVIRONMENT

RECYCLING



NZME initiated recycling of batteries, ink and toner cartridges at our seven largest offices.

BEST PRACTICE



NZME print operation awarded the Toitū Enviromark Gold Certificate

Motor vehicle fleet reduction.

Domestic travel reduction.

RESPONSIBILITY



The NZ Herald continued to take part in the Covering Climate Now - a global news media initiative.

2020 DIVISIONAL PERFORMANCE

\$m	Audio	Publishing	OneRoof	GrabOne	Other	2020 Total	2019 Total	% Change
Reader Revenue:								
- Print	-	72.7	-	-	-	72.7	76.3	(5%)
- Digital	-	6.6	-	-	-	6.6	1.7	297%
Reader Revenue	-	79.3	-	-	-	79.3	78.0	2%
Advertising Revenue:								
- Radio	91.6	-	-	-	-	91.6	108.5	(16%)
- Print	-	62.1	13.4	-	-	84.9	115.4	(26%)
- Digital	2.4	44.6	4.3	-	0.5	51.8	48.5	7%
Advertising Revenue	94.0	106.7	17.6	-	0.5	218.9	259.2	(16%)
Other Revenue	5.6	15.5	0.9	9.0	1.9	32.9	34.5	(5%)
Total Revenue	99.6	201.5	18.6	9.0	2.4	331.2	371.7	(11%)
People and Contributors	(50.0)	(75.9)	(6.3)	(3.6)	(3.4)	(139.2)	(153.8)	(10%)
Print & Distribution	-	(40.2)	(6.3)	-	-	(46.5)	(57.6)	(19%)
Agency Commission & Marketing	(14.9)	(16.8)	(1.8)	(0.9)	(0.3)	(34.7)	(43.6)	(21%)
Content	(5.8)	(7.0)	(1.2)	(0.3)	(0.5)	(14.9)	(16.8)	(11%)
Other	(9.1)	(14.2)	(0.9)	(1.3)	(3.2)	(28.6)	(34.1)	(16%)
Total Costs	(79.8)	(154.0)	(16.5)	(6.1)	(7.4)	(263.8)	(306.0)	(14%)
Operating EBITDA¹	19.8	47.5	2.1	2.9	(5.0)	67.3	65.7	3%
NZ IFRS 16 Adjustments	(5.7)	(7.8)	(0.5)	(0.3)	(0.1)	(14.3)	(15.1)	(5%)
EBITDA (pre NZ IFRS 16)²	14.2	39.7	1.6	2.6	(5.0)	53.0	50.6	5%
EBITDA (pre NZ IFRS 16)² Margin %	14%	20%	8%	29%	-	16%	14%	2ppt

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

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

- Operating results presented include the impact of NZ IFRS 16, however exclude exceptional items to allow for a like for like comparison between 2019 and 2020 financial years. Please refer to pages 35-36 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.
- EBITDA is a non-GAAP measure equivalent to Operating EBITDA but excluding the impact of NZ IFRS 16.

RECONCILIATION OF OPERATING RESULTS TO FINANCIAL STATEMENTS

For the 12 months ending 31 December 2020

12 MONTHS ENDED 31 DECEMBER 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	317.3	-	317.3	-	317.3
Other revenue	13.8	-	13.8	4.0*	17.9
Total revenue	331.2	-	331.2	4.0	335.2
Expenses	(278.1)	14.3	(263.8)	(10.4)	(274.3)
EBITDA	53.0	14.3	67.3	(6.4)	60.9
Depreciation and amortisation	(17.7)	(12.5)	(30.2)	-	(33.4)
EBIT	35.3	1.8	37.1	(6.4)	30.7
Share of loss of JV's	-	-	-	(0.4)	(0.4)
Impairment of software	-	-	-	(3.1)	(3.1)
Net interest expense	(3.2)	(5.0)	(8.2)	(0.1)	(8.3)
Net profit/(loss) before tax	32.2	(3.2)	28.9	(10.1)	18.9
Tax	(6.9)	-	(6.9)	2.3	(4.6)
Net profit/(loss) after tax	25.2	(3.2)	22.0	(7.8)	14.2

*\$1.8 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.

RECONCILIATION OF OPERATING RESULTS TO FINANCIAL STATEMENTS

For the 12 months ending 31 December 2019

12 MONTHS ENDED 31 DECEMBER 2019					
\$ 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	363.7	-	363.7	-	363.7
Other revenue	8.0	-	8.0	0.7	8.7
Total revenue	371.7	-	371.7	0.7	372.4
Expenses	(321.0)	15.1	(306.0)	(9.9)	(315.8)
EBITDA	50.6	15.1	65.7	(9.1)	56.6
Depreciation and amortisation	(18.9)	(12.8)	(31.7)	-	(31.7)
Impairment of intangible assets	-	-	-	(175.0)	(175.0)
EBIT	31.8	2.2	34.0	(184.0)	(150.1)
Net interest expense	(4.6)	(4.8)	(9.4)	(0.1)	(9.5)
Net profit/(loss) before tax	27.2	(2.6)	24.6	(184.1)	(159.6)
Tax	(7.5)	0.2	(7.3)	1.7	(5.6)
Net profit/(loss) after tax	19.7	(2.3)	17.3	182.4	(165.2)

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 full year ended 31 December 2020.

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 IFRS 16 Leases on 1 January 2019. Operating results as stated throughout this presentation refer to results including the adjustments for the adoption of NZ IFRS 16 and prior to exceptional items. Please refer to pages 35-36 of this presentation for a detailed reconciliation to these results excluding NZ IFRS 16 adjustments and to the statutory results.

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 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

Kapiti News

GrabOne

iHeartRADIO

Te Puke Times

RADIO
HAURAKI

HASTINGS
Leader

nzherald.co.nz

HCPOST
HAWKESBAY COROMANDEL POST

canvas

Hawke's Bay
TODAY

NAPIER
Courier

spy

NEW ZEALAND
Education Gazette
TOKUOKU KOUERO

WatchMe.

be
well

Weekend Herald

Waikato NEWS

nzherald
focus

3M

Bay of Plenty Times

ROTORUA
Weekender

To Awamutu
Courier

Whanganui Chronicle

travel

TimeOut

MANAWATU
Guardian

flava

BUSHTELEGRAPH
Taranaki

Katikati Advertiser

The Northland Age

CHB
Mail

Stratford
PRESS

EVERYONE'S
HERE.

NZ
ME.
NEW ZEALAND
MEDIA AND
ENTERTAINMENT