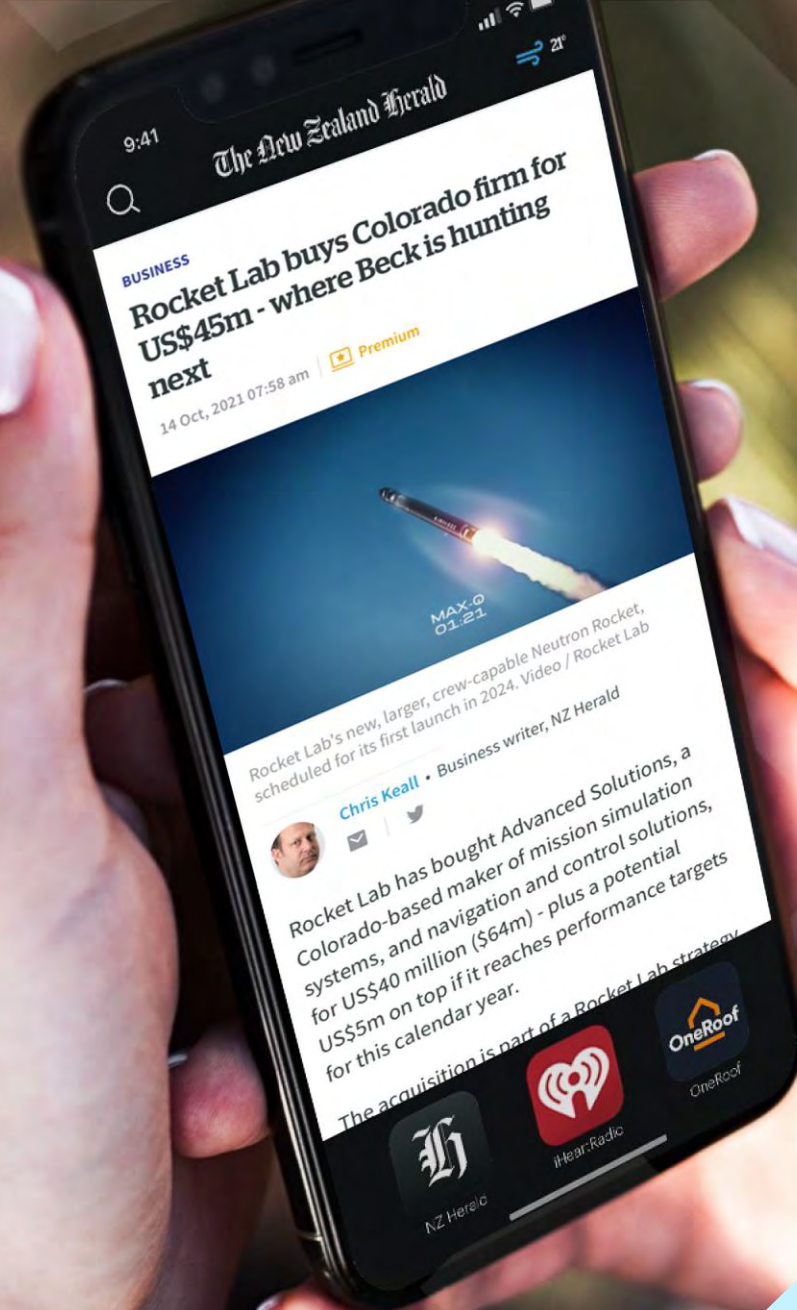


# NZ ME.

NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

A leading integrated media company

NZME INVESTOR DAY  
18 November 2021



# Agenda

1.	Chairman's Address	<b>Barbara Chapman, Chairman</b>	10:00am – 10:10am
2.	CEO Overview	<b>Michael Boggs, Chief Executive Officer</b>	10:10am – 10:20am
3.	Performance Overview	<b>David Mackrell, Chief Financial Officer</b>	10:20am – 10:30am
4.	Audio	<b>Jason Winstanley, Chief Radio Officer</b>	10:30am – 10:50am
5.	Publishing	<b>Carolyn Luey, Chief Digital &amp; Publishing Officer</b> <b>Shayne Currie, Managing Editor</b> <b>Matthew Wilson, Chief Operations Officer</b>	10:50am – 11:40pm
6.	OneRoof	<b>Paul Maher, Chief of OneRoof</b>	11:40pm – 12:10pm
7.	Summary / Q&A	<b>All presenters</b>	12:10pm –



## 1. Chairman's Address

**Barbara Chapman**  
**Chairman**



# Board Members



**Barbara Chapman**  
Independent Chairman



**Carol Campbell**  
Independent Director



**David Gibson**  
Independent Director



**Sussan Turner**  
Independent Director



**Guy Horrocks**  
Independent Director

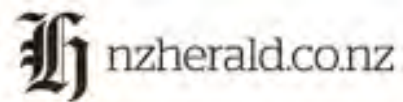
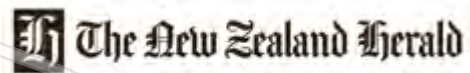


## 2. CEO Overview

**Michael Boggs**  
**Chief Executive Officer**



# NZME reaches an audience of more than 3.4 million New Zealanders<sup>1</sup>



## NewstalkZB

NZ's #1 radio station and favourite breakfast talk show<sup>2</sup>

## NEWS

2.8 MILLION PEOPLE ENGAGE WITH OUR NEWS CONTENT<sup>1</sup>

## SPORTS

OUR SPORTS BRANDS ENGAGE WITH 1.1 MILLION PEOPLE<sup>1</sup>

## ENTERTAINMENT

IN ENTERTAINMENT WE ENGAGE WITH 2.6 MILLION PEOPLE<sup>1</sup>

## OneRoof

89% of residential for-sale listings nationwide<sup>3</sup>

## CLASSIFIEDS

WE ENGAGE WITH 648,000 PEOPLE WHO INTEND TO BUY/SELL/BUILD PROPERTY<sup>1\*</sup>









> 88%  
of the people  
living in the  
North Island<sup>1</sup>

~ 92%  
of the people  
living in  
Auckland<sup>1</sup>

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

~ 74%  
of the people  
living in South  
Island<sup>1</sup>

# NZME's Digital, Audio and Print brands and platforms are part of New Zealanders daily habits

6am – 9am			9am – 3pm			3pm – 7pm	
Wake up in the morning	The morning workout	Get ready for the day	Travel to work or study	Break from work or study	Working or studying	Travel from work or study	After work activities
Online	Audio	Online	Audio	Print	Online	Audio	Audio
							
When Kiwis wake up, we are checking our phones for the latest news	For those who exercise, online music and podcasts are our chosen media to accompany us	Multi-tasking is important! A quarter manage to fit in checking the news while listening to online music	Radio listening is the favourite for the daily commute with 41% tuning in. Over a quarter are listening to online audio	Lunch breaks are where print is at its most popular	Digital media dominate here	47% of 25-54s will listen to radio on the daily commute. Over a third are listening to podcasts during this time	Whilst out and about, we're multi-tasking and listening to our favourite portable media, 37% will listen to radio



# We provide a workplace that fosters innovation, engagement and inclusion



## PROMOTING A HEALTHY, DIVERSE AND SAFE WORKPLACE

We will embed a high performing health and safety culture and will regularly report on our performance. We will strive for a collaborative and welcoming place to work. We will adopt and strengthen policies for the promotion of gender equality and diversity.



## CHAMPIONING THE CRAFT

We will ensure we are mentoring the next generation of journalists and broadcasters. We will develop our people to maintain and grow the craft.



## EQUIPPING OUR PEOPLE

We will commit to offering our staff relevant and impactful training to create new opportunities for growth and innovation.



Excellence Awardee  
HR team of the Year 2021



Top Grad Employer for  
Media & Comms Category 2021



# Executive Team



**Michael Boggs**  
Chief Executive Officer



**Shayne Currie**  
Managing Editor



**Paul Hancox**  
Chief Revenue Officer



**Carolyn Luey**  
Chief Digital & Publishing  
Officer



**David Mackrell**  
Chief Financial Officer



**Paul Maher**  
Chief of OneRoof



**Katie Mills**  
Chief Marketing Officer



**Allison Whitney**  
General Counsel



**Matthew Wilson**  
Chief Operations Officer



**Jason Winstanley**  
Chief Radio Officer

2023 Strategic Priorities were introduced in 2021



**New Zealand's  
leading audio  
company**



**New Zealand's  
Herald**



**Your complete  
property  
destination**



# These strategic principles have guided the delivery across the strategy



## 1 Customer First

- Keep Kiwis in the know and entertained with up to the minute news and entertainment
- Ensure commercial opportunities deliver outstanding campaign performance with robust post-campaign reporting
- Improve the end-to-end customer experience
- Deliver suite of products that customers value



## 2 Win with Quality

- Premium, independent journalism
- Trust and engagement focus
- Identify, attract, and retain NZ's best
- Ensure our platforms are best placed to deliver audience experiences and advertiser outcomes



## 3 Digital Acceleration

- New tools, technology to aid audience engagement across all platforms
- Data capability growth
- Cement iHeartRadio as NZ's leading free audio service
- Grow NZ's leading Podcasting network



## 4 Audience Expansion

- Scale NZ-wide brand audience
- Diversification – geographically, culturally, demographically
- Place our content where our audiences are, with close links to the community
- Attract new audiences through innovative digital-first formats
- Extend OneRoof listings verticals

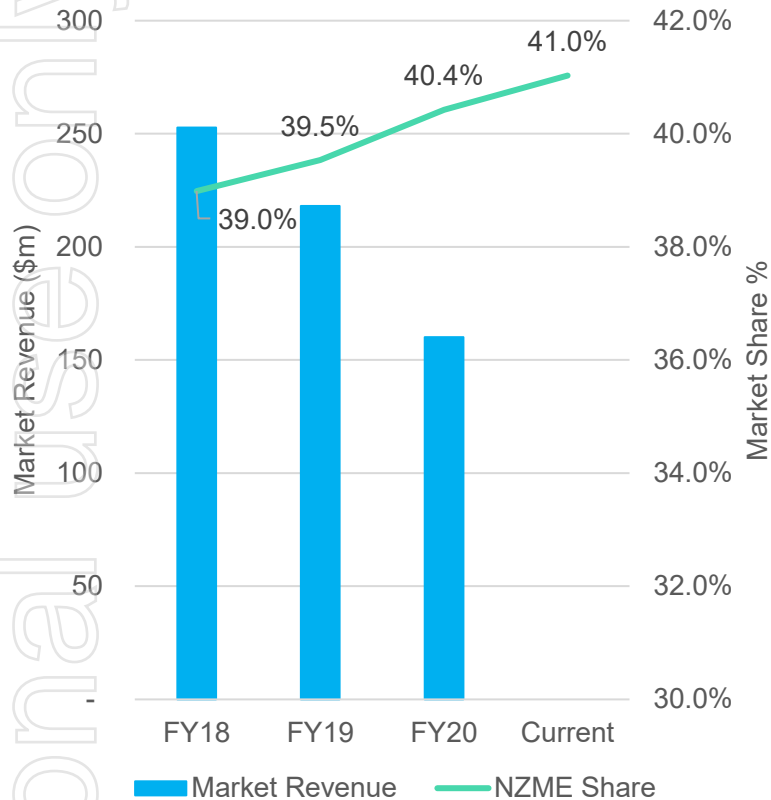


## 5 Top Performer

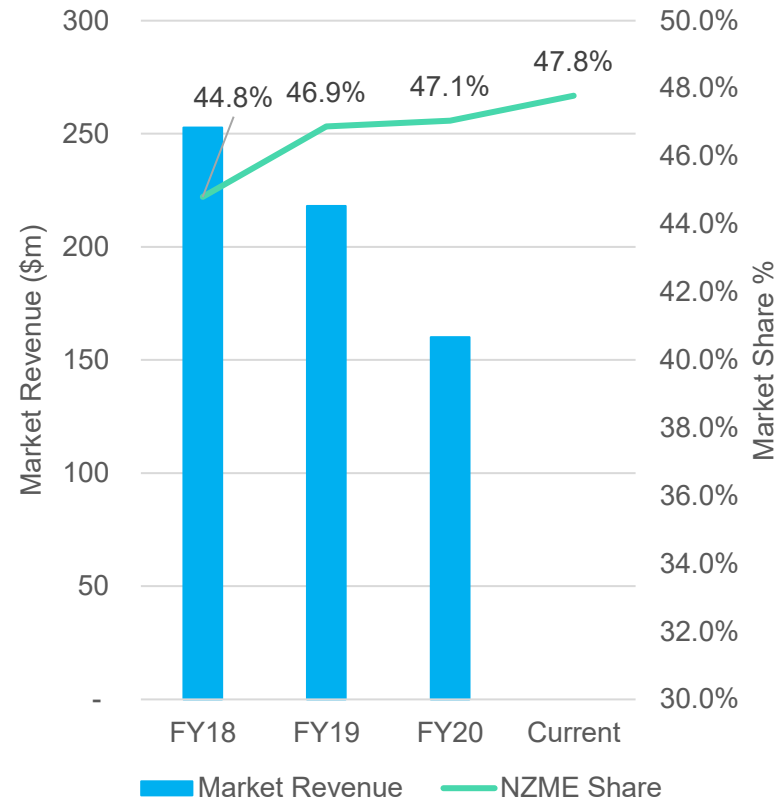
- Deliver leading returns for shareholders
- Accelerate subscriber growth
- Grow share of digital media market
- Simplification

# Delivering market share growth across all platforms

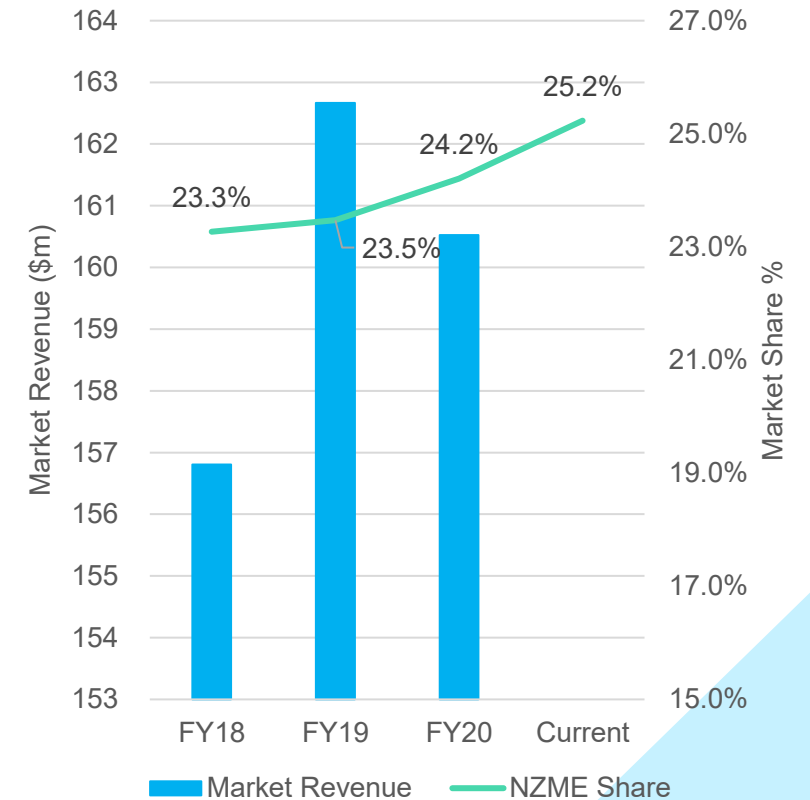
Total Radio Advertising Market Revenue and NZME Share %<sup>1</sup>



Total Print Advertising Market Revenue and NZME Share %<sup>2</sup>



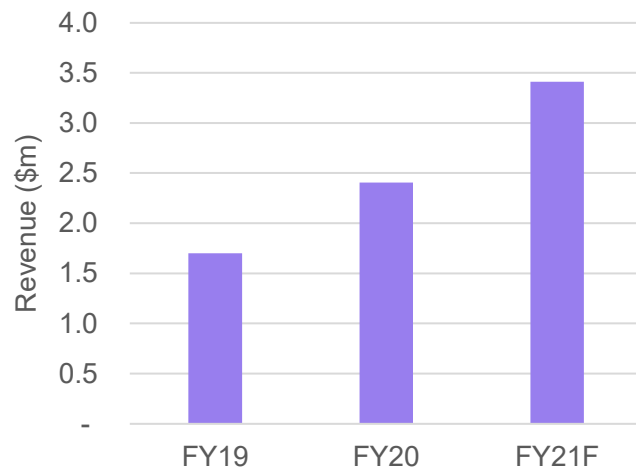
Digital Display Advertising Market Revenue and NZME Share %<sup>3</sup>



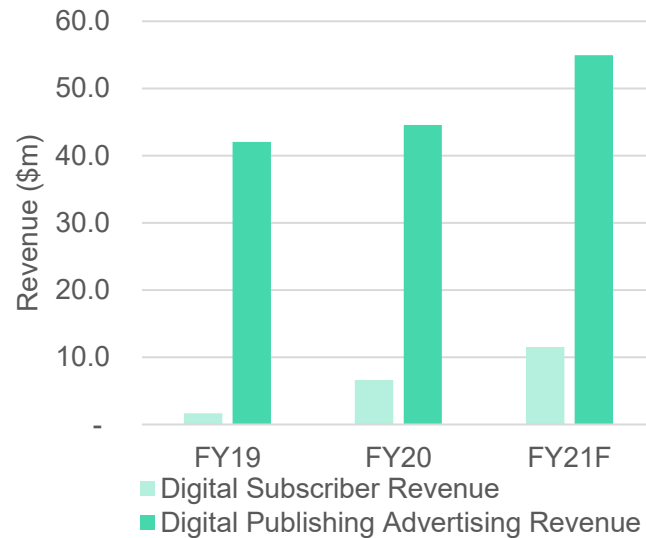
NZME's digital media strategy is delivering revenue growth across all strategic pillars



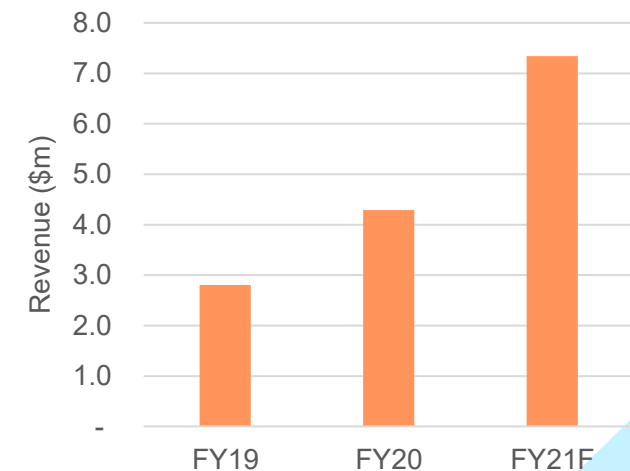
Digital Audio Revenue



Digital Publishing Revenue



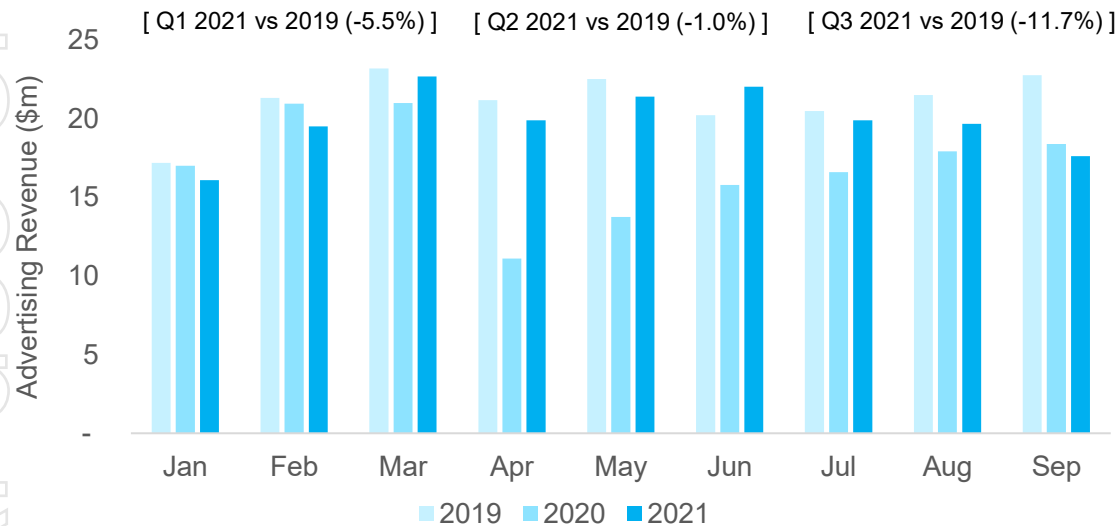
Digital OneRoof Revenue





# Advertising Revenue had recovered to 2019 levels prior to Q3 2021 lockdowns

NZME Total Advertising Revenue Q1-Q3 2019-2021



Advertising Revenue	% change (Q1-Q3 2020)	% change (Q1-Q3 2019)
Audio	15.5%	(6.3%)
Publishing	17.9%	(8.1%)
OneRoof	21.5%	(3.1%)

- 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 3<sup>rd</sup> quarter was tracking well until NZ moved into a level 4 lockdown on 17 August 2021 resulting in the quarter being lower than 2019 but 7% higher than 2020
- Advertising revenues for Q4 2021 have been less impacted by the lockdowns and are expected to be close to last year's levels

# Outlook Update

- Despite the restricted operating environment, 4<sup>th</sup> Quarter revenues have been encouraging
- Real Estate markets have shown signs of a positive recovery over recent weeks
- Our audiences have been at record levels particularly on our digital platforms nzherald.co.nz and iHeartRadio as we Keep kiwis in the Know
- NZME has been adapting to the economic and operating environment as the Covid-19 restrictions have continued. NZME continues to expect to deliver EBITDA<sup>1</sup> in the range of \$63m to \$67m for the full year 2021 (2020 EBITDA<sup>1</sup> of \$67.3m)
- We are engaging with Google and Facebook with regards to them accessing and supporting editorial content

### 3. Performance Overview

**David Mackrell**

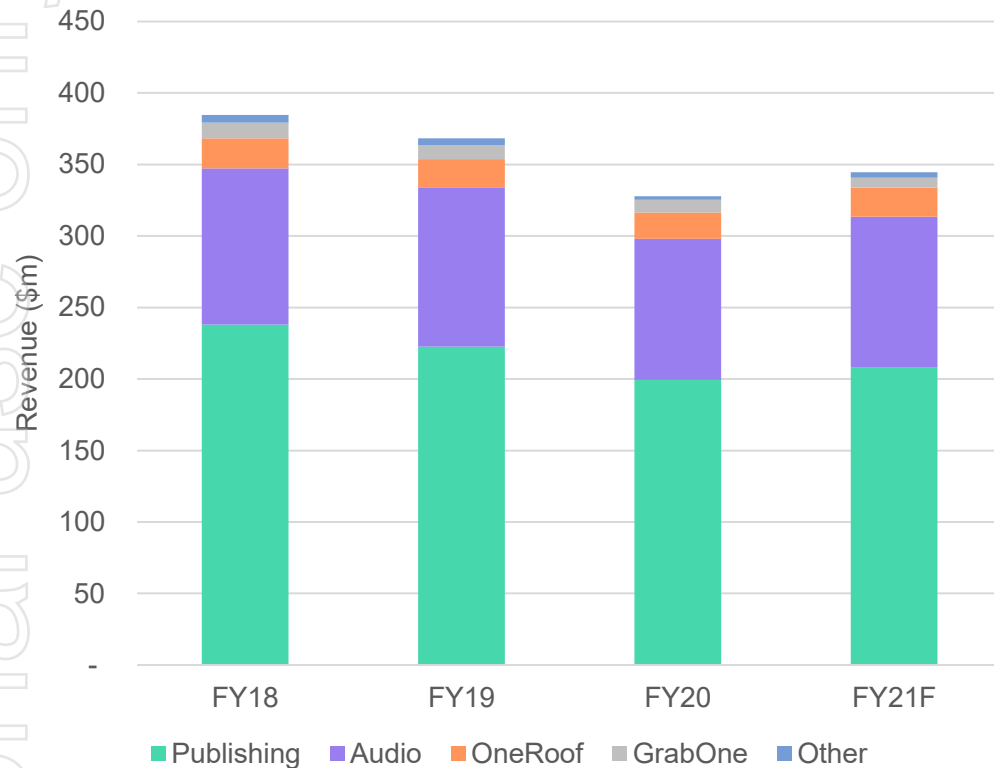
**Chief Financial Officer**



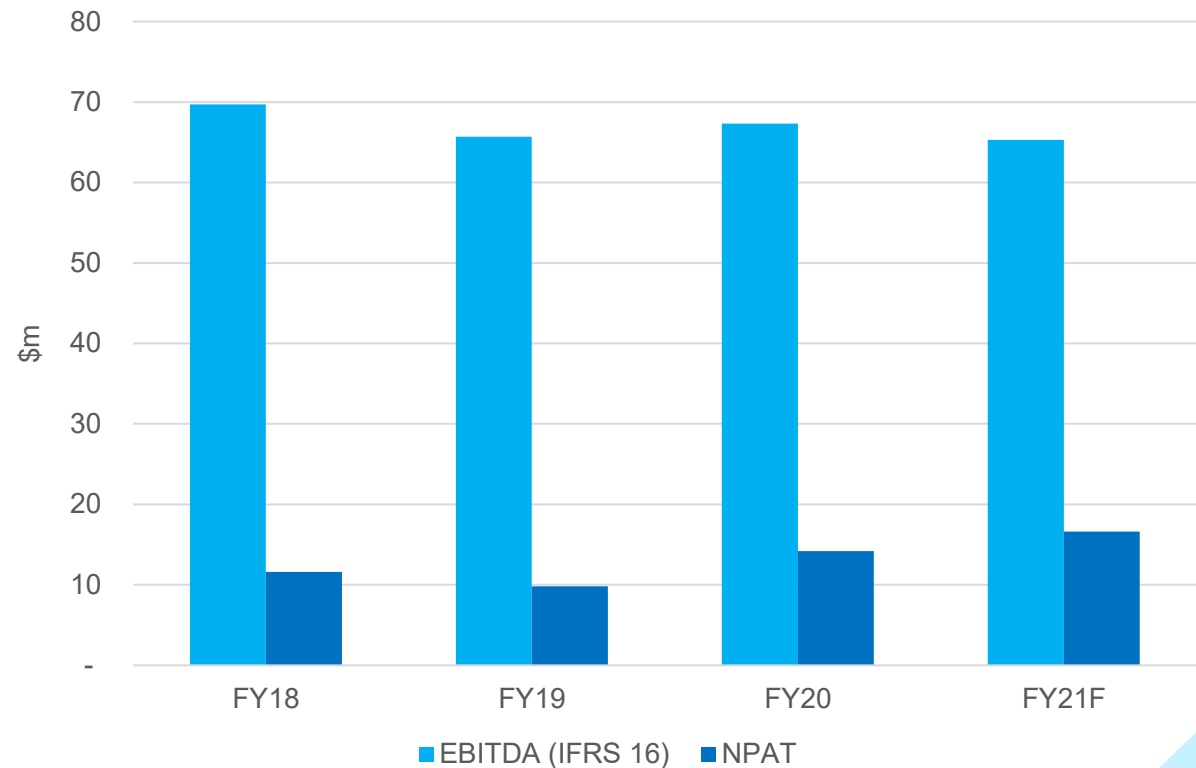


# Earnings stable despite Covid impacts

## Revenue<sup>1</sup>



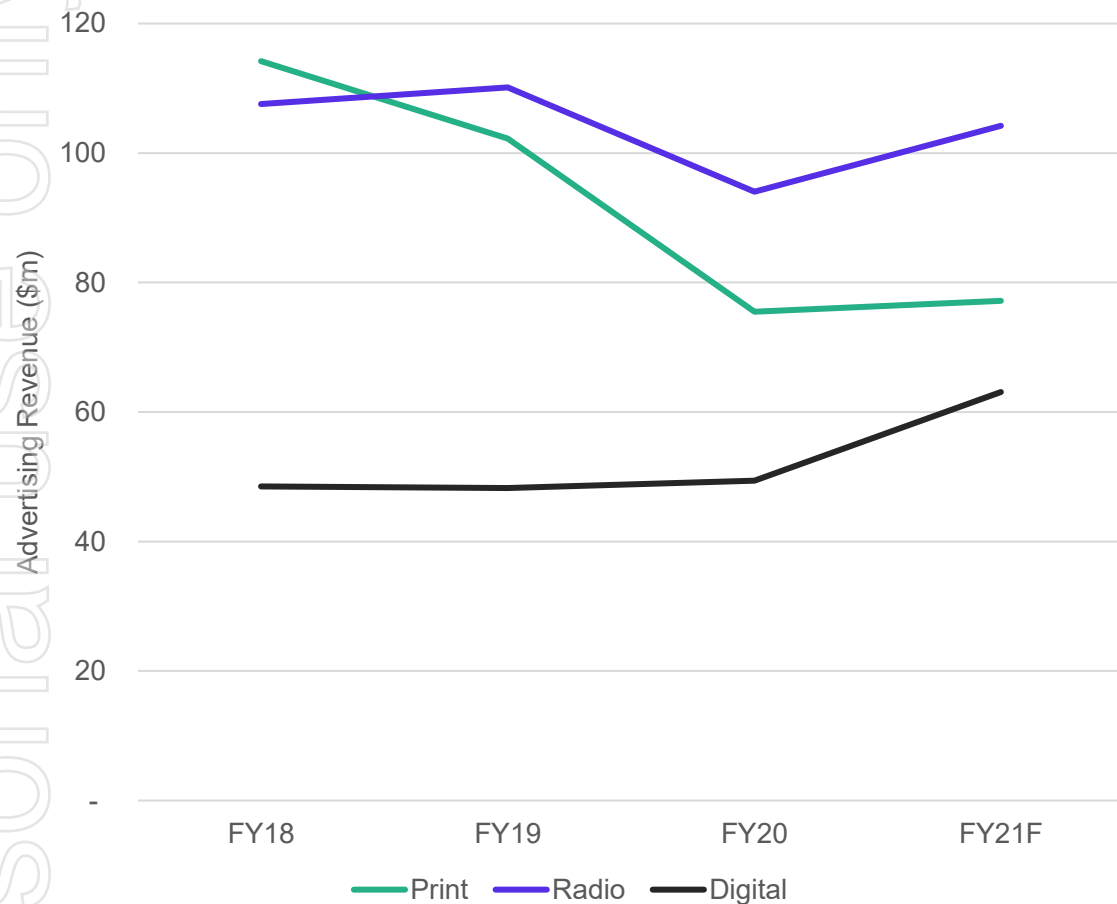
## Performance<sup>1 2 3 4</sup>



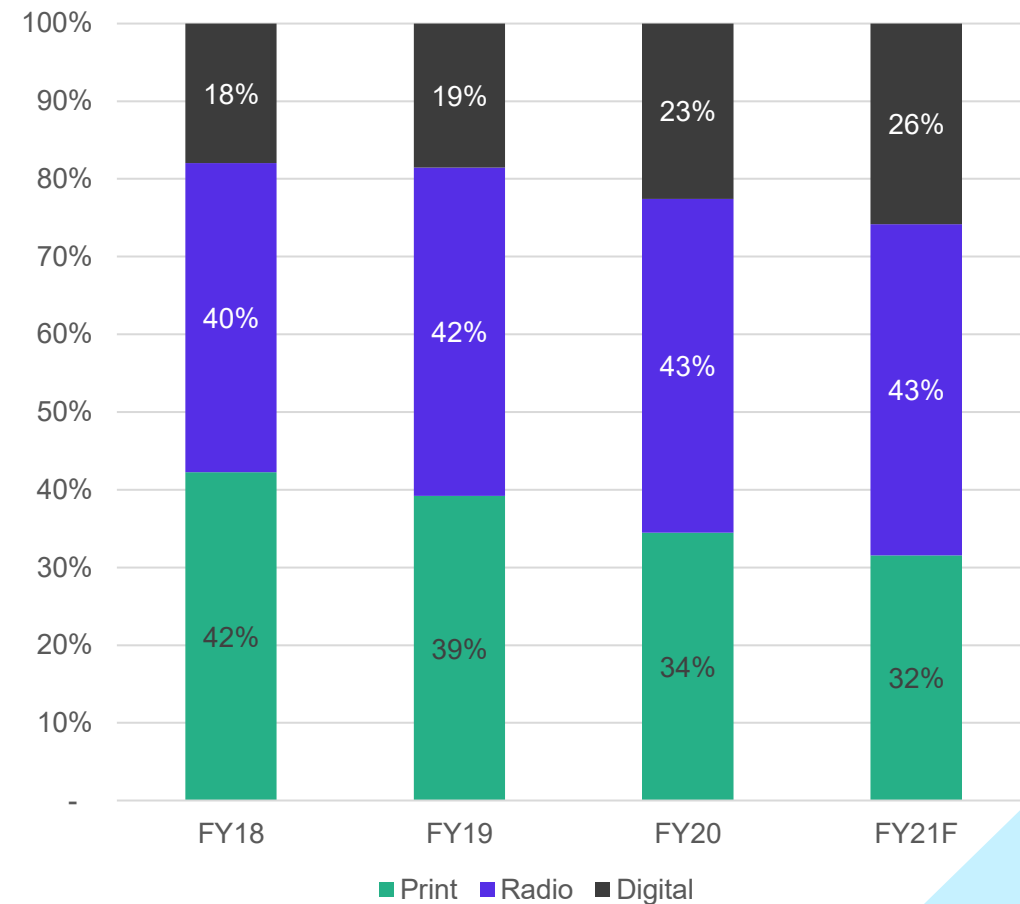
# Strong growth in Digital Advertising Revenue

Radio Advertising showing recovery from 2020 Covid impact while Print advertising has been flat

Advertising Revenue by Channel



Advertising Revenue Channel Split



# FY21F Divisional Performance

\$m	Audio	Publishing	OneRoof	GrabOne	Other	Total
Reader Revenue						
Print	-	70	-	-	-	70
Digital	-	12	-	-	-	12
<b>Total Reader Revenue</b>	-	<b>82</b>	-	-	-	<b>82</b>
Advertising Revenue						
Radio	101	-	-	-	-	101
Print	-	64	13	-	-	77
Digital	3	55	7	-	1	67
<b>Total Advertising Revenue</b>	<b>104</b>	<b>119</b>	<b>20</b>	-	<b>1</b>	<b>244</b>
Other Revenue	1	8	0	7	3	20
<b>Total Revenue</b>	<b>105</b>	<b>209</b>	<b>20</b>	<b>7</b>	<b>4</b>	<b>346</b>
People and Contributors	52	77	6	2	4	142
Print & Distribution	-	45	7	-	-	51
Agency Commission & Marketing	18	20	4	1	0	44
Other	16	21	2	0	5	44
<b>Total Costs</b>	<b>86</b>	<b>162</b>	<b>19</b>	<b>4</b>	<b>8</b>	<b>280</b>
<b>Operating EBITDA<sup>1</sup></b>	<b>19</b>	<b>47</b>	<b>1</b>	<b>3</b>	<b>(5)</b>	<b>65</b>
IFRS16 Adjustments	7	8	1	0	0	16
<b>EBITDA (pre IFRS16)<sup>2</sup></b>	<b>12</b>	<b>39</b>	<b>0</b>	<b>3</b>	<b>(5)</b>	<b>49</b>
<i>EBITDA (pre IFRS16)<sup>2</sup> Margin %</i>	11%	18%	2%	N/A	N/A	14%

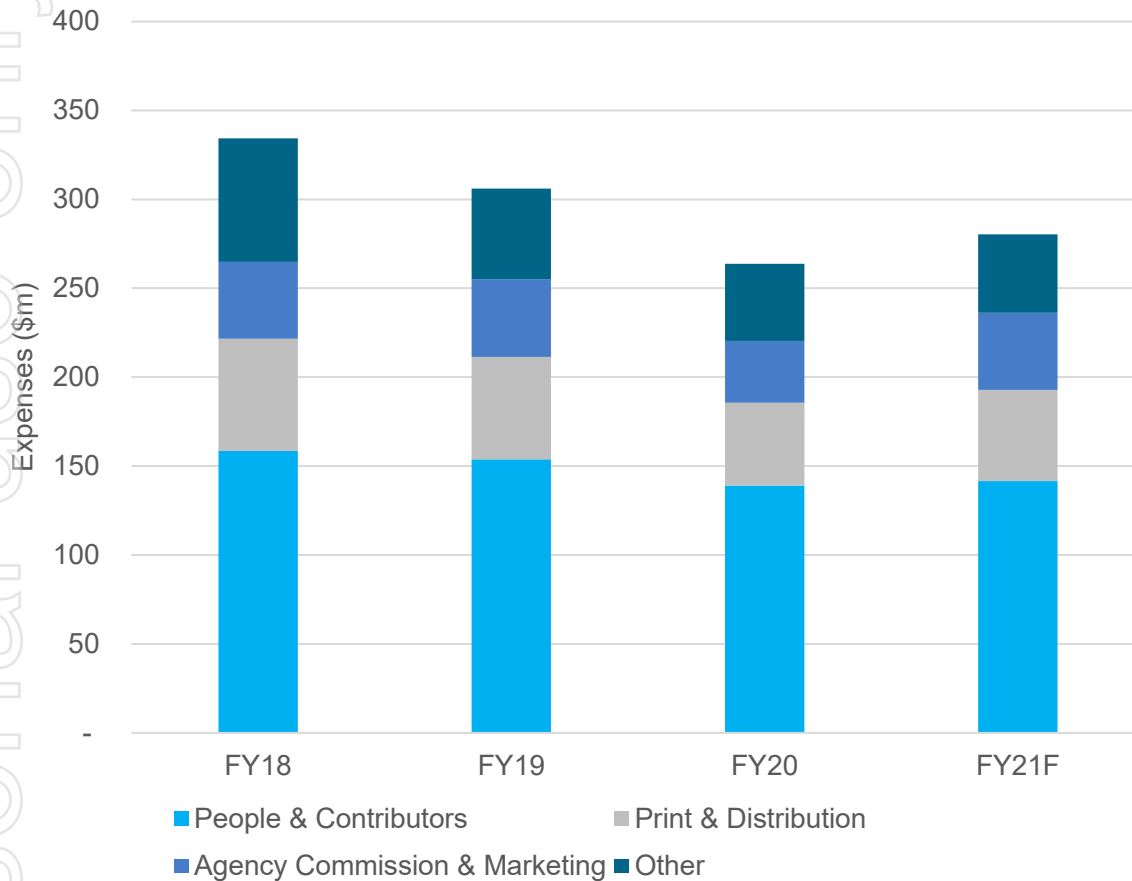
Forecast is based on midpoint of guidance range included in the outlook statement.

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

19 NOTE: <sup>1</sup>Operating EBITDA is a non-GAAP measure which includes the impact of IFRS16 and excludes exceptional items (redundancy costs, one-off projects and other exceptional items) to allow for a like-for-like comparison between 2019, 2020 and 2021 financial years. Please refer to the NZME Results Presentations on NZX and ASX for a full explanation. <sup>2</sup>EBITDA is a non-GAAP measure equivalent to Operating EBITDA but excluding the impact of IFRS16.

# Permanent Cost Base reduction maintained

Total Operating Expenses



- Permanent costs reductions implemented in 2020 maintained in 2021
- 2021 cost base higher due to increased activity versus 2020 and lower temporary savings

## Cost savings implemented in 2020 vs. FY19:

\$m	FY20	FY21 and beyond
Temporary / Activity Related Savings	30	-
Permanent Savings	16	20
<b>Total Savings</b>	<b>46</b>	<b>20</b>



# Impact of GrabOne Sale

	\$m
<b><u>Gain on Sale</u></b>	
<b>Sale Price</b>	<b>17.5</b>
Book Value of Assets	(1.1)
<u>Sale Costs</u>	<u>(0.5)</u>
<b><u>Gain on Sale</u></b>	<b><u>15.9</u></b>
<b><u>Cash Flow</u></b>	
<b>Sale Price</b>	<b>17.5</b>
Merchant Liabilities to be settled	(3.9)
<u>Sale Costs</u>	<u>(0.5)</u>
<b><u>Net Cash inflow</u></b>	<b><u>13.1</u></b>

- GrabOne sale which was announced in August 2021 and completed on 29 October 2021 as planned
- The business and assets were sold for \$17.5m which, after settling merchant liabilities and sale costs, resulting in a net cash inflow of \$13.1m
- GrabOne has contributed ~\$3m to EBITDA each year

## Automotive remains an opportunity

**DRIVEN has a similar number of dealer listings to Trademe, but with its private listings and larger audience, Trademe has a strong market position.**

**119K**

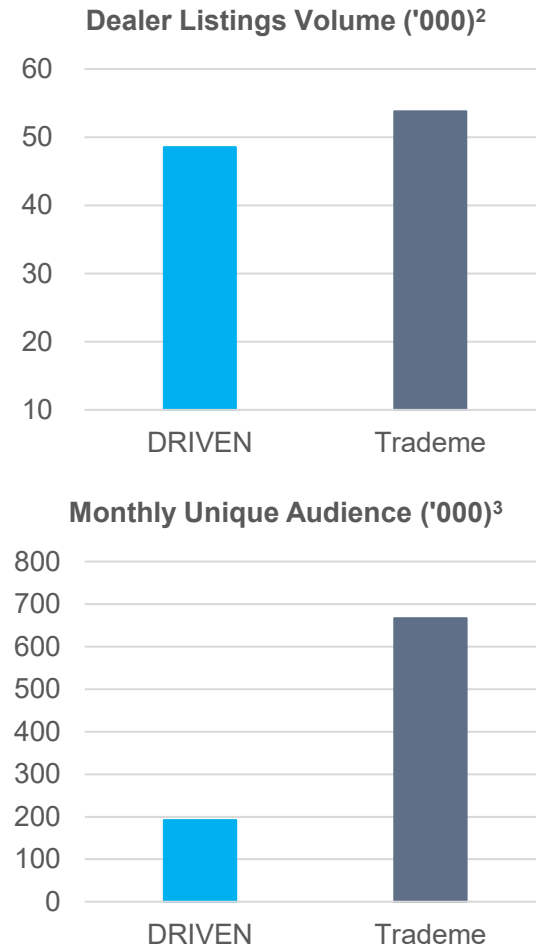
New vehicles  
registered per year

**1.3 Million**

change of ownership  
transactions per year

**3.85 Million**

Light vehicles in  
the NZ fleet



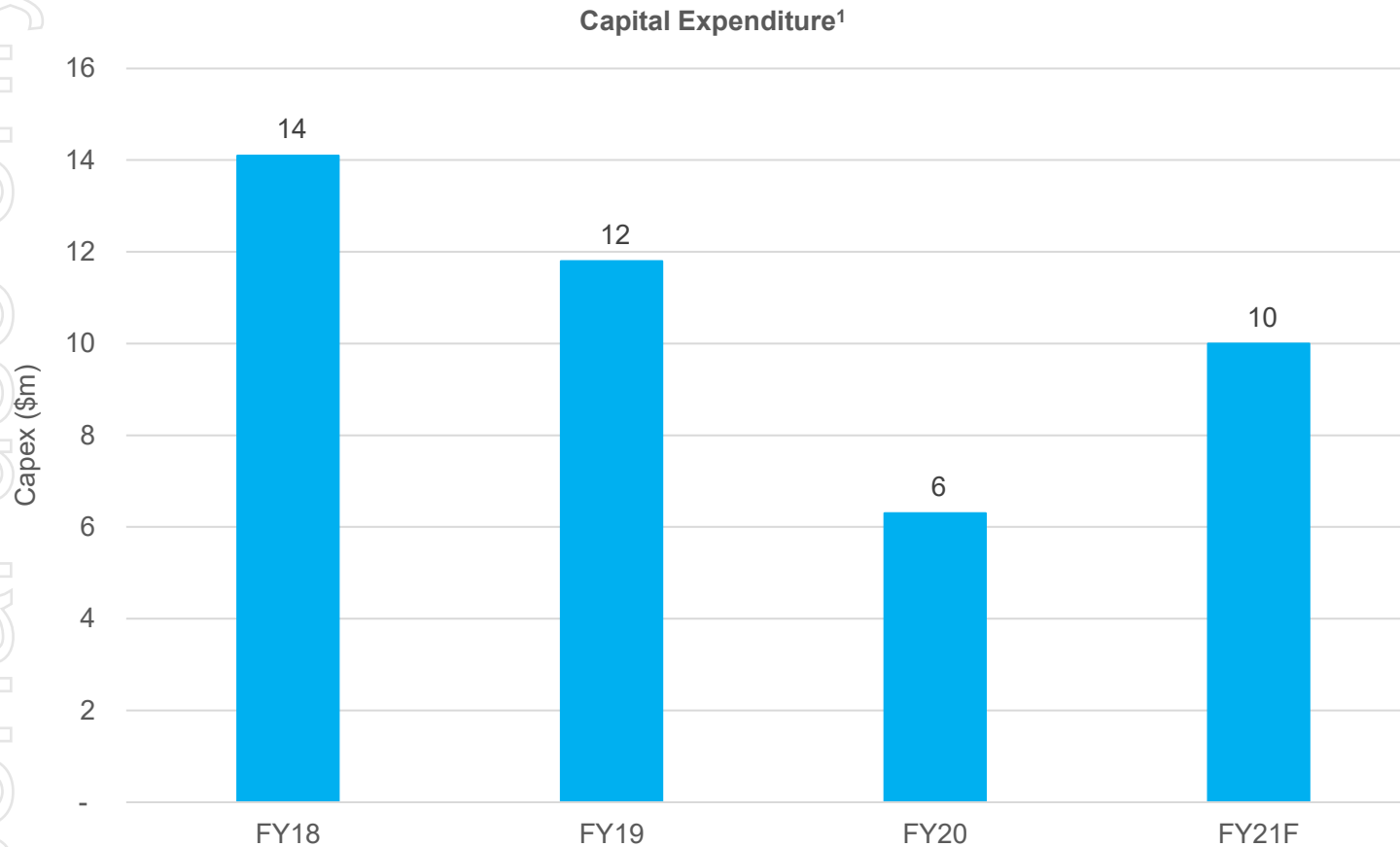
**~\$30m**  
Trademe  
Dealer revenue<sup>1</sup>

**~\$1m**  
DRIVEN  
revenue FY 21F

Given the size of the NZ Market and the strong position that Trademe has in the Automotive Classifieds market, NZME is reviewing new models based on international experience.

No significant investment expected until future models are evaluated in 2022.

## Capital Expenditure expected to be \$10-12m per year



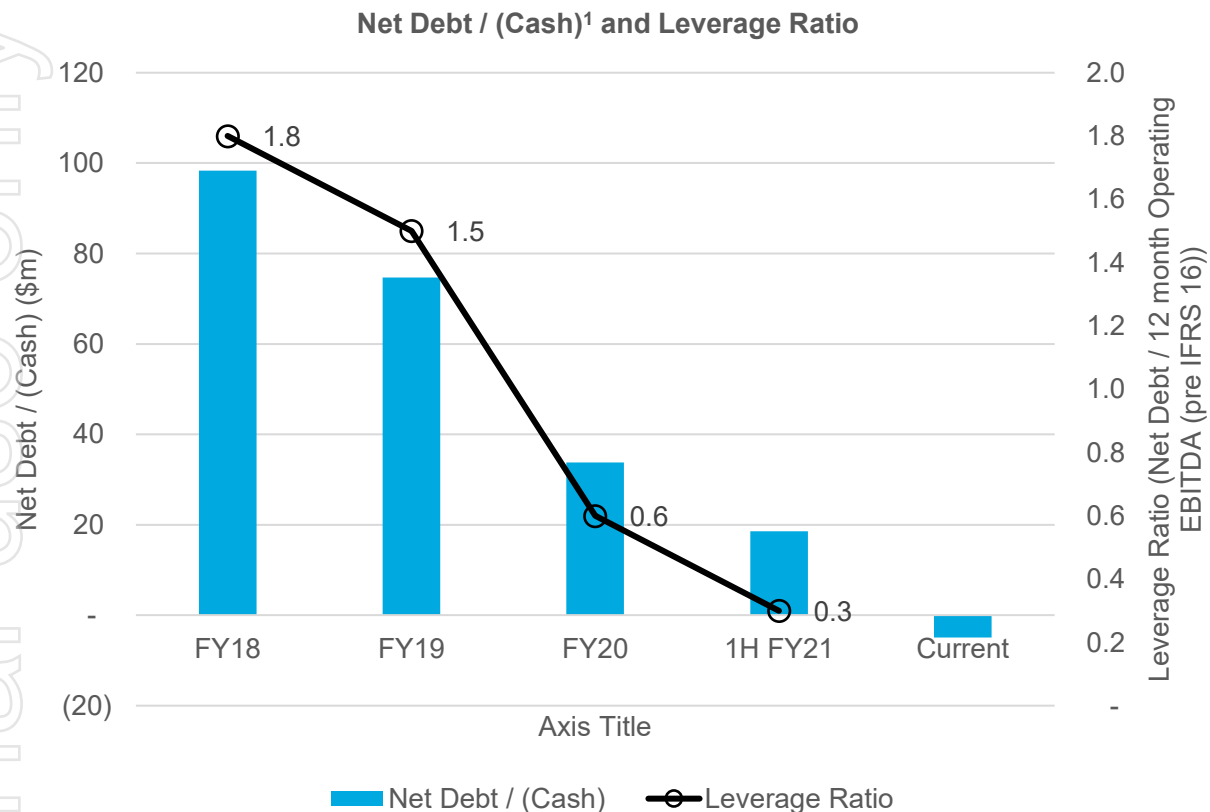
- Capital Expenditure in 2021 expected to be ~\$10m
- Recent interpretation of accounting standards in regard to costs relating to the implementation of Software as a service (SaaS) solutions may result in previously capitalised costs being expensed in the future

EBITDA margin growth targeted across each division as part of FY23 Strategy

	FY21F EBITDA <sup>1</sup> Margin	FY23 EBITDA <sup>1</sup> Margin Target
Audio	11%	15% – 17%
Publishing	18%	19% – 20%
OneRoof	2%	15% – 25%



# Net Debt fully repaid



- Net Debt of \$100m fully repaid in the last 3 years
- GrabOne sale has resulted in net cash position at the end of October 2021
- Target Leverage ratio remains 0.5 to 1.0 times rolling 12 month EBITDA<sup>2</sup> (pre IFRS16)

# 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."

## Dividend Calculation Example based on Midpoint of Guidance

	\$m
<b>EBITDA (inc IFRS 16)<sup>1</sup></b>	<b>65</b>
Depreciation and Amortisation	(18)
Interest on loans	(1)
Interest and Depreciation on Leases	(16)
Non-Recurring	(2)
Tax	(8)
<b>NPAT</b>	<b>20</b>
Add Depreciation	18
less Capital Expenditure	(11)
Working Capital Movement	0
<b>Free Cash Flow</b>	<b>27</b>
<b>Dividend example</b>	
30-50% of Free Cash Flow	\$8m to \$14m
Cents per Share	4 to 7 cents per share

- Interim dividend of 3 cents per share declared in August 2021 signalled the intention to return to regular Dividend payments
- Given the trajectory of net debt, this has resulted in a leverage position well below the target leverage range
- The Board was in a position to announce a capital return to shareholders in August 2021 but paused due to the uncertainty of Covid related restrictions
- With a clearer business outlook, combined with the completion of the sale of GrabOne, the Board intends to undertake an on-market share buy-back of up to \$30m to commence in early 2022
- Details and the required disclosure statement will be provided to shareholders before the end of the year

3.

Audio



3.

## Audio

**Jason Winstanley**  
**Chief Radio Officer**



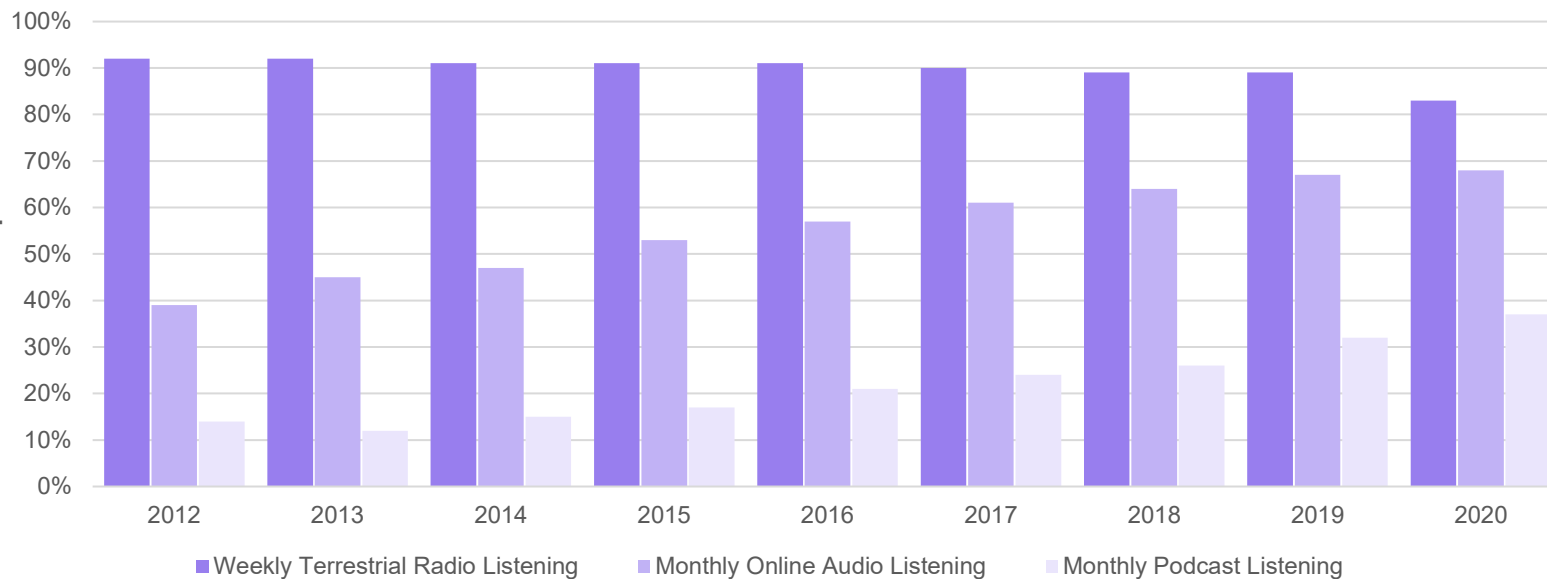


## Scorecard

Metric	FY 2020 Achievement	H1 2021	2023 Target
<b>NZME share of total audience</b>	35.6% <sup>1</sup>	34.4% <sup>1</sup>	> 1% share point growth per annum
<b>Radio Revenue Share</b>	40.4% <sup>2</sup>	40.9% <sup>2*</sup>	> 1% share point growth per annum
<b>Digital audio revenue as a % of total audio revenue</b>	2.4%	3.2%	5%
<b>EBITDA<sup>3</sup> Margin Target (pre NZ IFRS16)</b>	14%	10%	15 – 17%

# Broadcast radio globally remains high with Digital audio growing the total audio eco-system

**Audio listening – US<sup>1</sup>**  
*% listened to in the last month digital / week terrestrial*

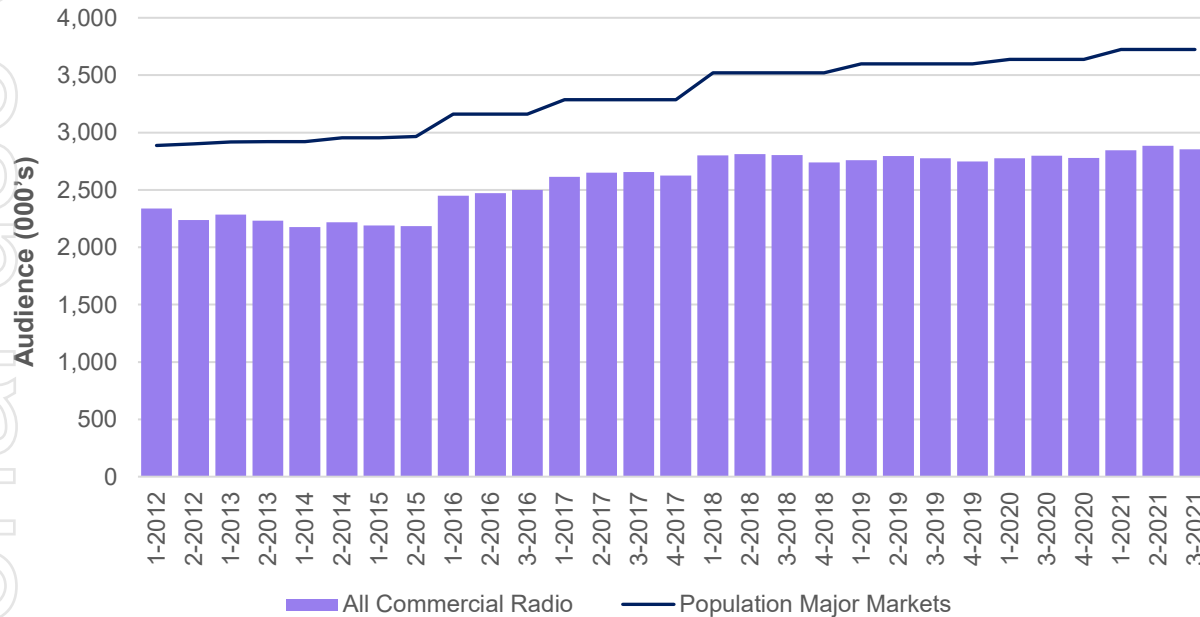


- The audience for broadcast radio remains the highest, with 83% of Americans aged 12+ listening to terrestrial radio weekly in 2020
- Digital audio listening is growing, and podcasting is accelerating, presenting a larger total audio eco-system

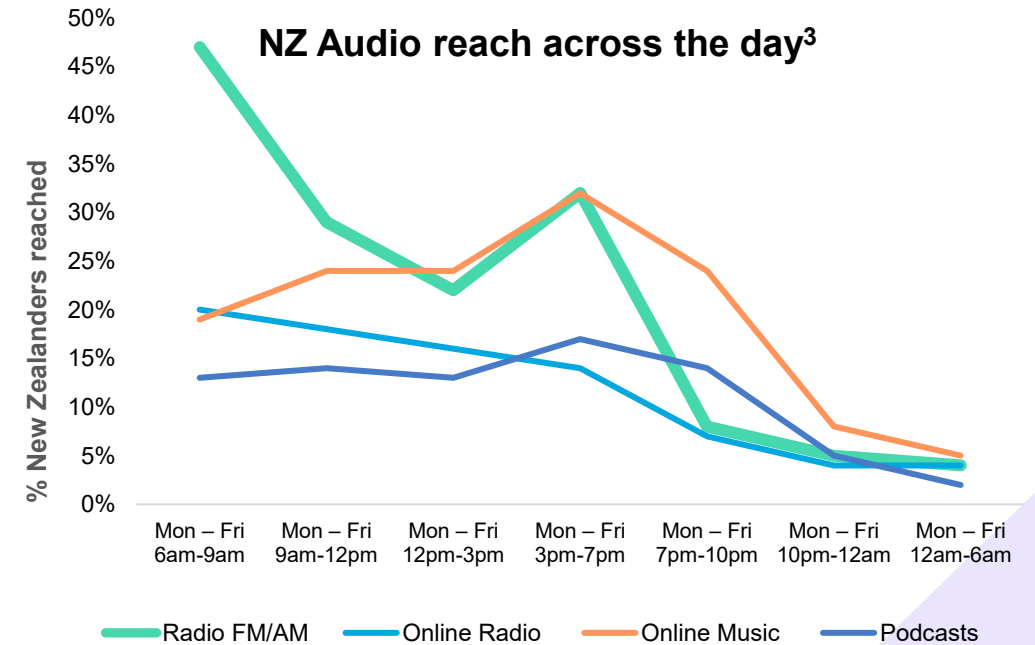
## Broadcast radio is the primary audio platform in NZ

Broadcast radio is consistent, reaching over 3.7 million New Zealanders each week<sup>1</sup> and remains the primary platform from 6am to 7pm weekdays, reaching over twice as many people as any other audio channel at breakfast

**Cumulative Audience - NZ Major Markets only (000's)<sup>2</sup>**



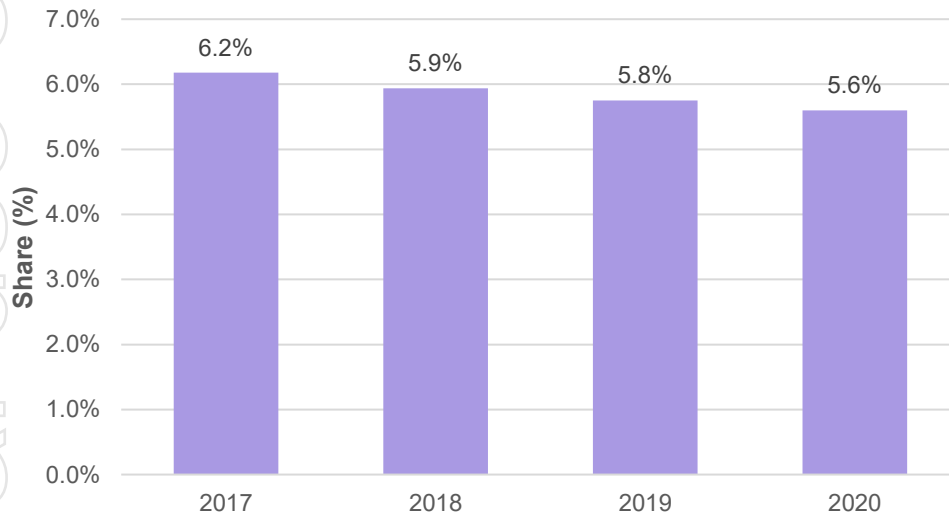
**NZ Audio reach across the day<sup>3</sup>**



SOURCE: 1. GfK, RAM, Total NZ, S3 2021, Mon-Sun 12mn-12mn, Cumulative Audience 000s, AP10+. 2. GfK, RAM, Commercial Radio, S1/2017-S3/2021, Major Markets, M-S 12mn-12mn, Cumulative Audience (000s), AP10+. \*Radios 2012-2016 (NZ Major Markets include Auckland, Wellington, Christchurch, Northland, Waikato, Tauranga, Rotorua, Hawke's Bay, Taranaki, Manawatu, Nelson, Dunedin and Southland.) Total NZ Audience has only been surveyed since 2017 therefore regional (i.e. non major market) audience is excluded from this chart). 3. NZME Media Engagement Study 'How we're engaging' May 17th - 28th May 2021 n=1000 nationally representative New Zealanders.

## Globally radio's share of advertising has remained relatively stable – podcasting is a growth opportunity

Radio Share of Advertising Revenue – Global<sup>1</sup>

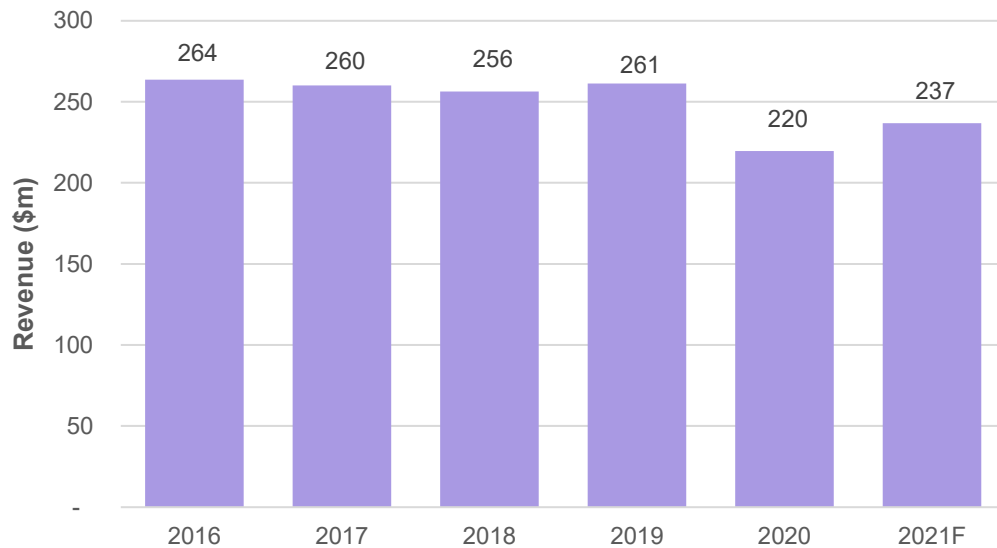


- In the US, terrestrial radio revenue remains the major driver in Audio revenues – share of total advertising revenue market forecast stable at 5.5% in 2021<sup>1</sup>
- The US podcast industry is forecast to reach US\$1 billion in annual advertising revenue in 2021 and is projected to double to US\$2 billion by 2023<sup>2</sup>



# NZ radio market temporarily impacted by Covid-19

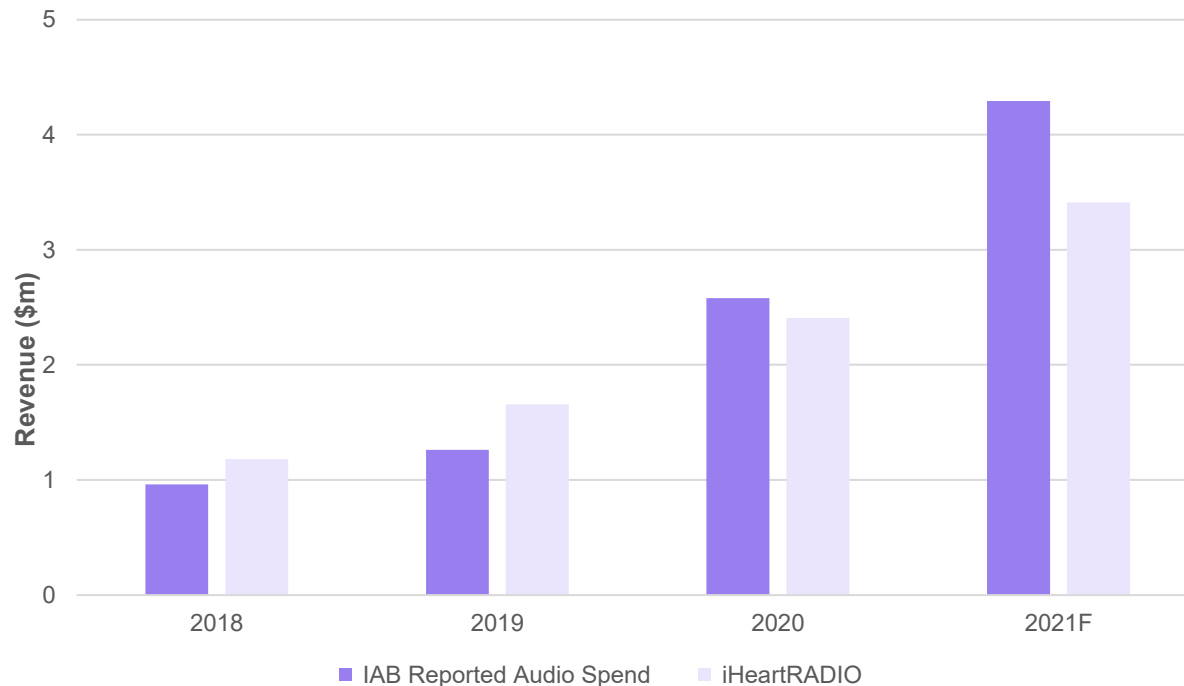
**NZ Radio Advertising Market Revenue<sup>1</sup>**



- New Zealand's Radio Advertising market has been impacted by Covid-19
- 2021 is forecast to be up 8% on 2020 even though an expected recovery was impacted by further lockdowns from August 2021
- In New Zealand, Radio advertising revenue is higher at 10% of total New Zealand advertising spend demonstrating its powerful reach and localised integration

# NZ Digital Radio Revenue continues to grow

**NZ Digital Radio Market Revenue<sup>1</sup>**



- iHeartRadio represents the majority of New Zealand's digital radio revenue as estimated and reported by IAB
- iHeartRadio attracts the largest radio streaming audience in the country

**NZME.** NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

**New Zealand's leading**  
audio company



## New Zealand's leading audio company

There are three pillars to the Audio Strategy:



Create New Zealand's  
best local audio content



Grow broadcast and  
digital reach



Grow market revenue  
share and digital  
revenue

## New Zealand's leading audio company

There are three pillars to the Audio Strategy:



Create New Zealand's  
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Grow broadcast and  
digital reach

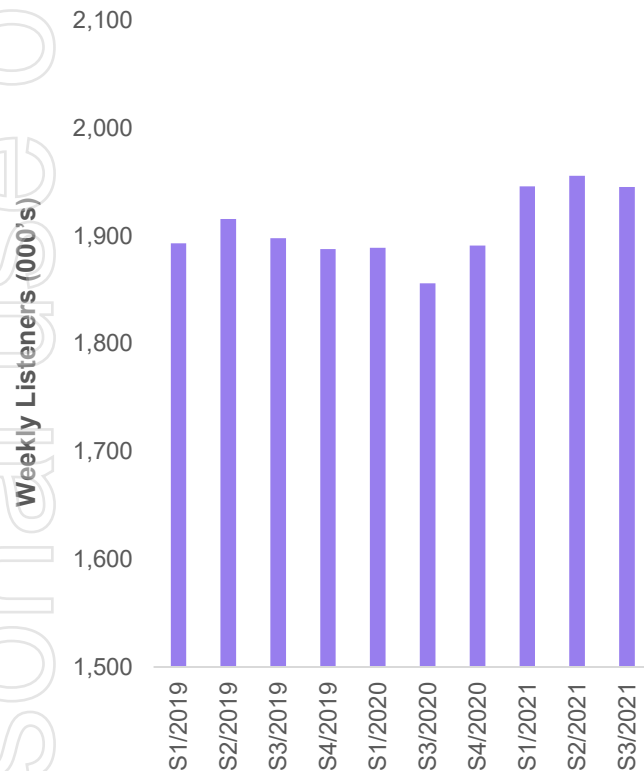


Grow market revenue  
share and digital  
revenue

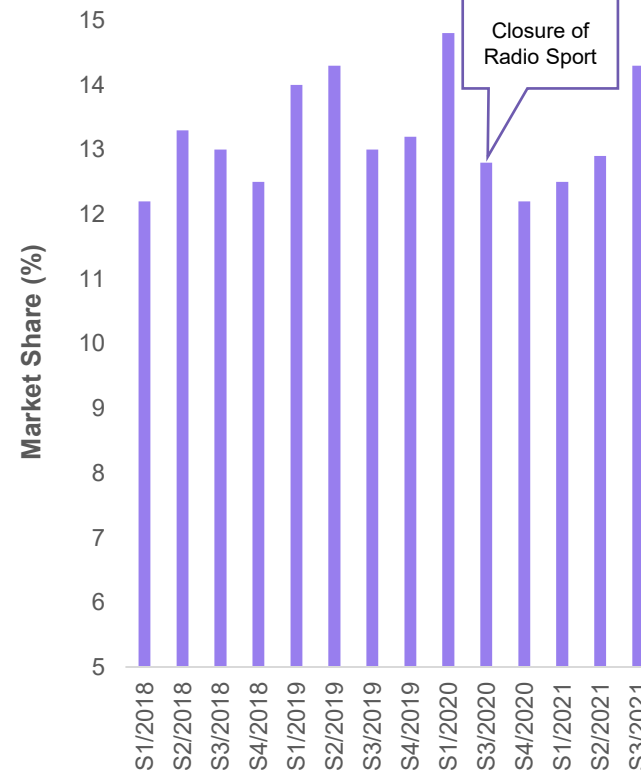


NZME radio audience is stable with strong growth in talk radio

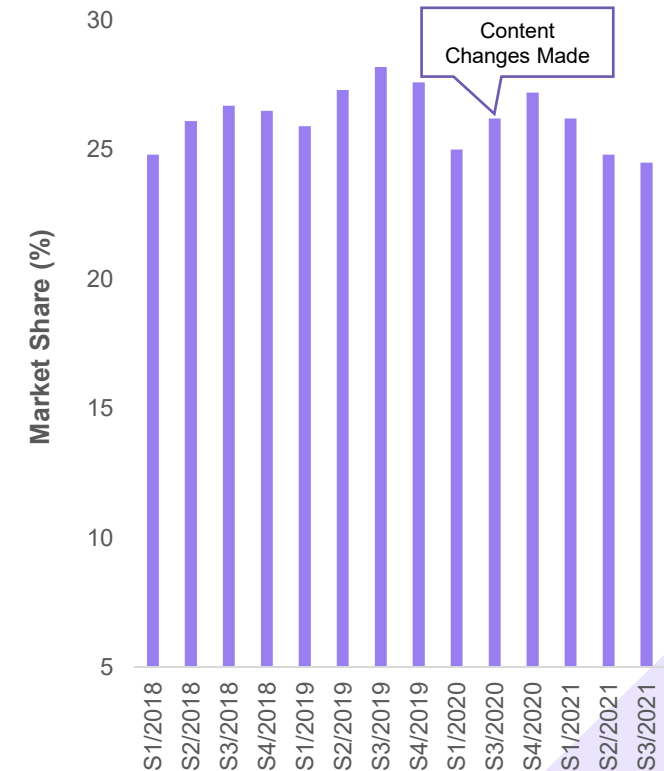
**NZME Radio weekly listeners<sup>1</sup>**



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



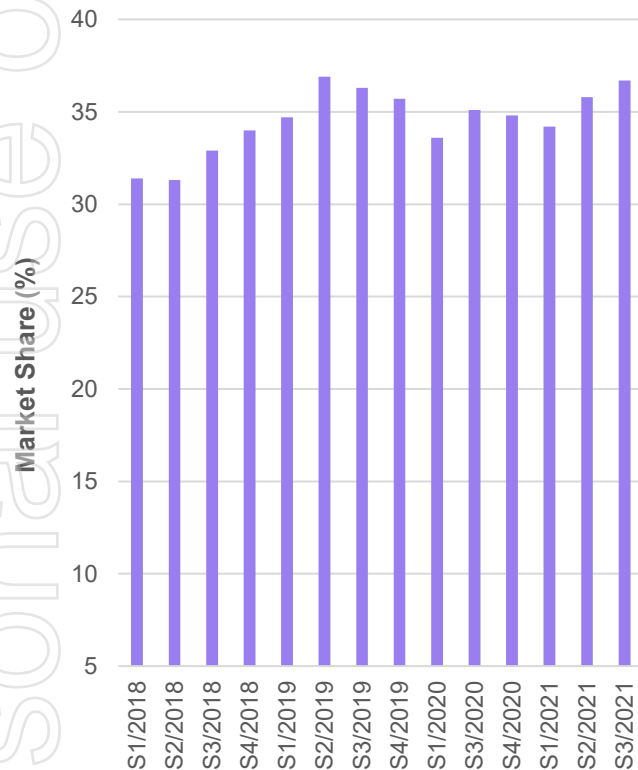
**NZME Music Radio – Major Markets 25-54 Share<sup>3</sup>**



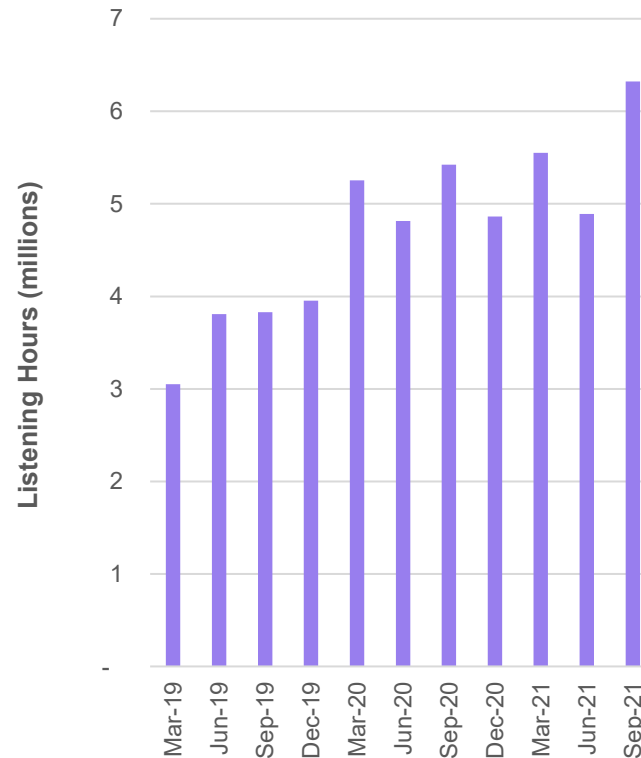
# NZME Breakfast Audience and iHeartRadio Digital Listening Hours Growth

NZME 25-54 audience share has increased in the important Breakfast daypart<sup>1</sup>

**NZME Radio – Major Markets  
25-54 Breakfast Share<sup>1</sup>**

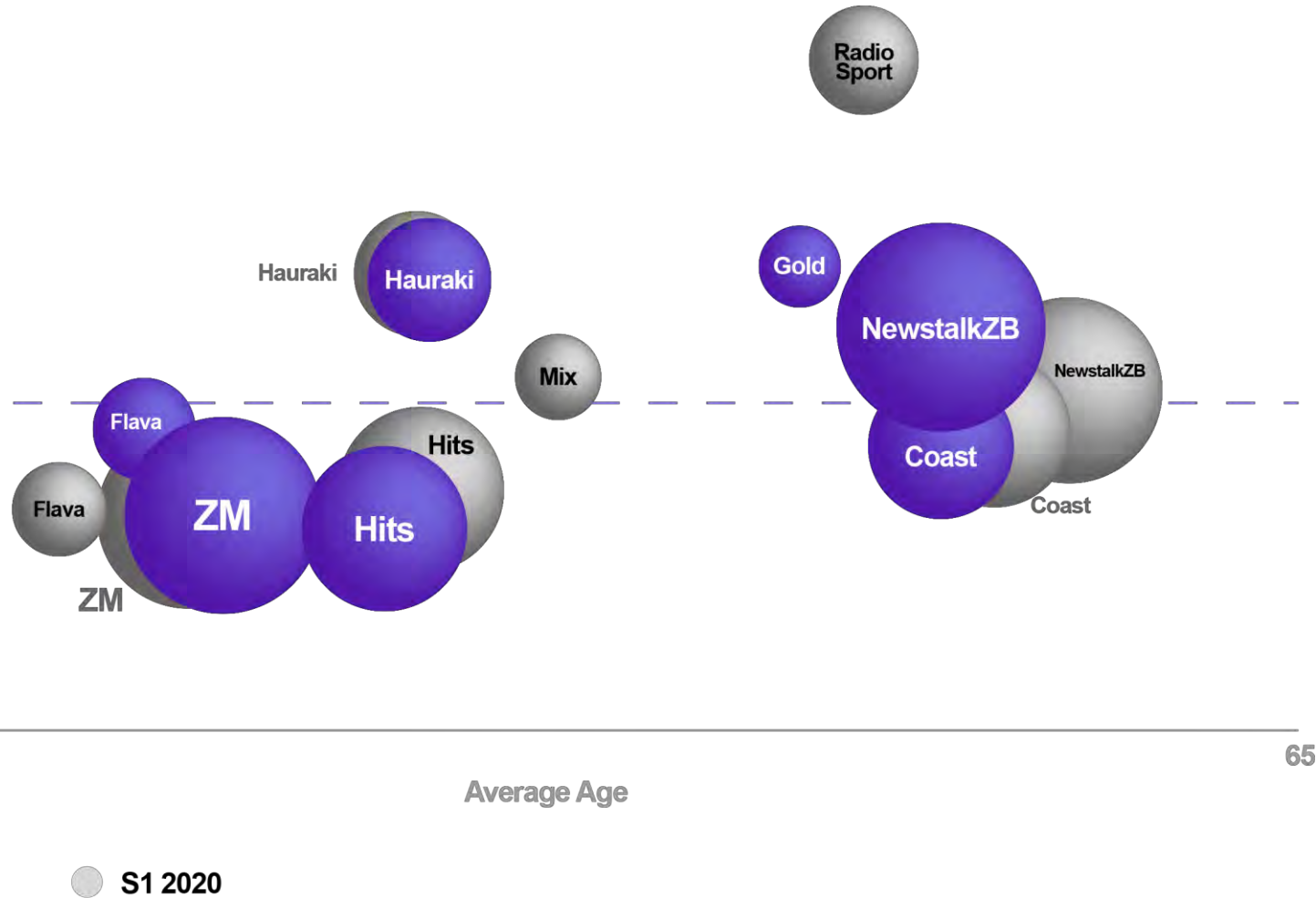


**iHeartRadio Monthly Total  
Listening Hours (TLH)<sup>2</sup>**



- Breakfast show audiences have grown for the 25-54 demographic across 7 of the 9 radio brands<sup>3</sup>
- ZM is New Zealand's #1 25-54 breakfast show<sup>4</sup>
- Newstalk ZB is New Zealand's #2 25-54 breakfast show<sup>4</sup>
- iHeartRadio TLH up 17% YoY in September 2021<sup>2</sup>

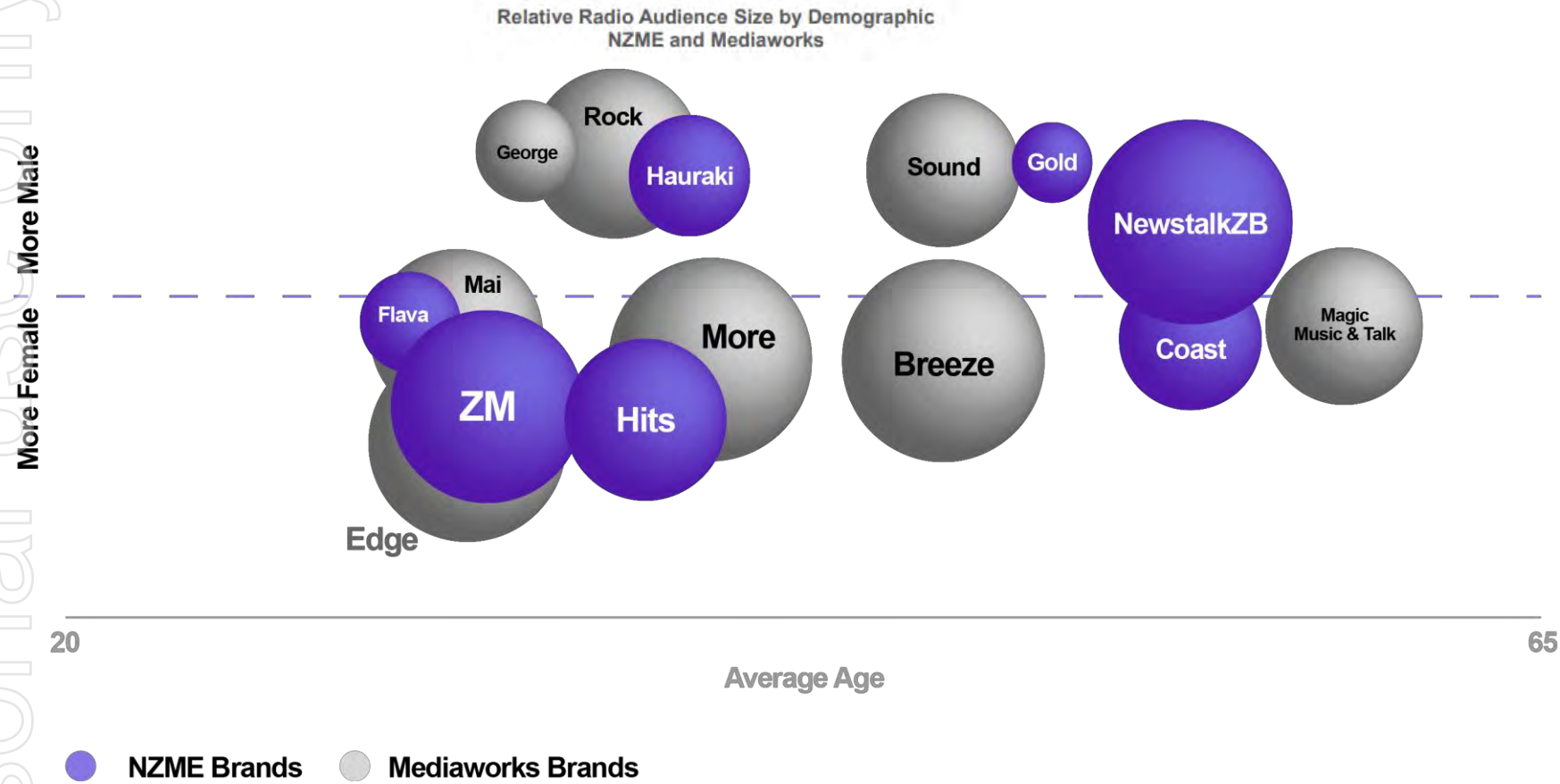
NZME's content strategy has achieved positive audience shifts to date



The content changes made in 2020 are focused on closing the gaps in the 25-54 demographic:

- Strong growth for Newstalk ZB and ZM
- Positive change to Coast audience profile
- New Flava format a success

Our focus remains on driving audience growth in the key 25-54 demographic




NZ's leading local content




- Brand portfolio covering all core demographics
- iHeartRadio is NZ’s leading, advertising-funded single source audio application
- Three dedicated digital native brands delivering content across Podcasts, Youth and Sports Entertainment




NZ's best multi-media broadcasters




**THE HITS**




**Coast**




**RADIO HAURAKI**




**flava**




**ZM**



**GOLD**









































**GOLD AM**



**NewstalkZB**

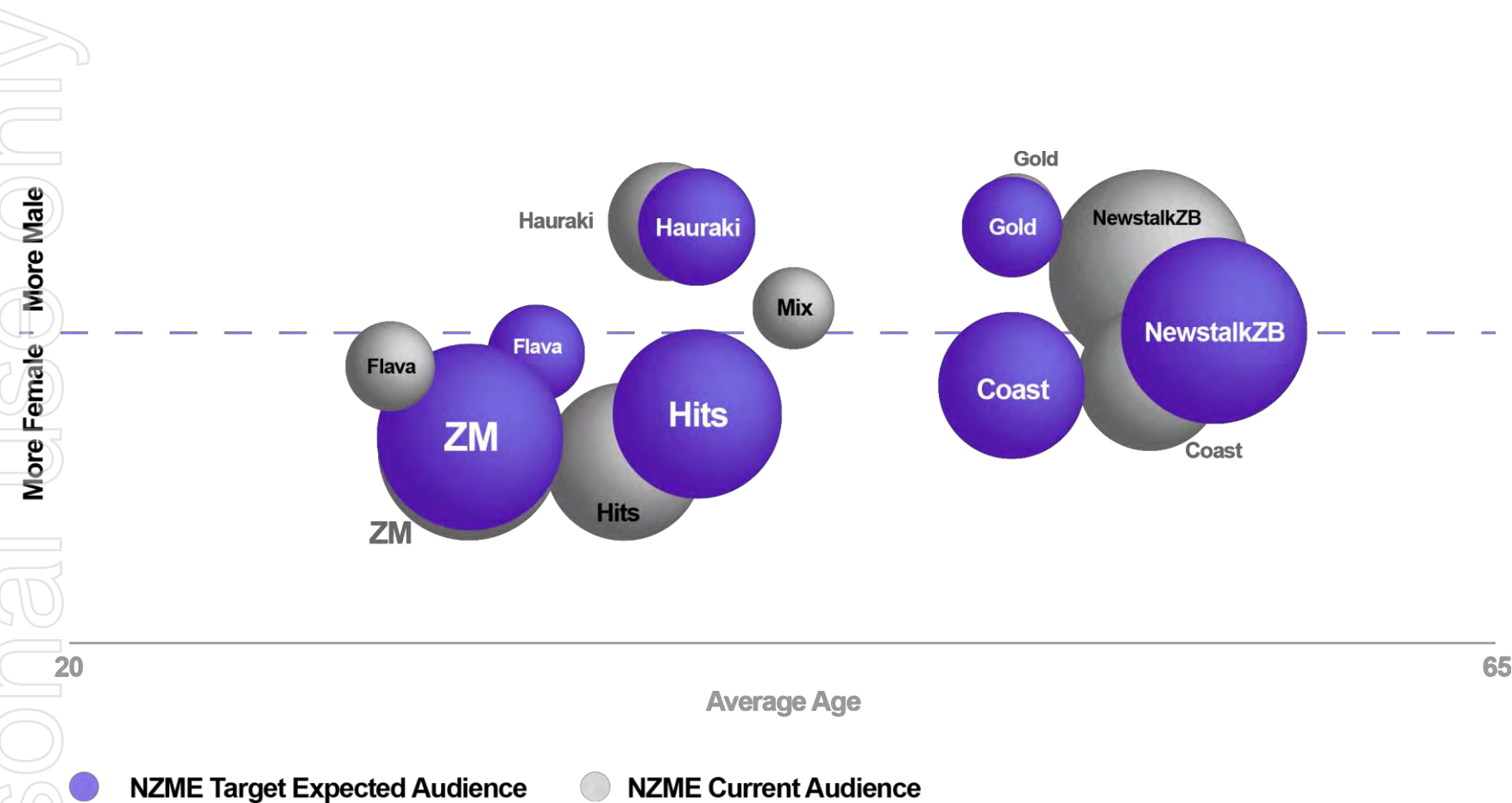
NOW

 BREAKFAST JONO & BEN	 DAYS DAVE NICHOLAS	 3PM PICK-UP LAURA MCGOLDRICK	 DRIVE STACE, MIKE & ANIKA	 NIGHTS ESTELLE CLIFFORD
 BREAKFAST JASE, TONI & SAM	 DAYS LORNA SUBRITZKY	 DRIVE JON DUNSTAN	 NIGHTS JASON TIKAO	
 BREAKFAST MATT & JERRY	 DAYS TRACEY DONALDSON	 AFTERNOONS ANGELINA GREY	 DRIVE JASON HOYTE & MIKE MONOGUE	 NIGHTS CHRIS KEY
 BREAKFAST SOL3 MIO	 DAYS AZURA	 DRIVE ATHENA	 NIGHTS ASTLEY	
 BREAKFAST FLETCH, VAUGHAN & MEGAN	 DAYS GEORGIA BURT	 DRIVE BREE & CLINT	 NIGHTS CAM MANSEL	
 BREAKFAST ANDREW DICKENS	 DAYS GEORGIA CUBBON	 DRIVE ROBERT TAYLOR	 NIGHTS RICK MORIN	
 BREAKFAST COUNTRY BREAKFAST WITH BRIAN KELLY	 DAYS GEORGIA CUBBON	 MIDDAY THE COUNTRY WITH JAMIE MCKAY	 DRIVE ROBERT TAYLOR	 NIGHTS RICK MORIN
 KATE HAWKESBY	 MIKE HOSKING	 KERRE MCIVOR	 ANDREW DICKENS (MON)	 SIR JAMES (TUES-FRI)
 HEATHER DU PLESSIS ALLAN	 D'ARCY WALDEGRAVE	 MARCUS LUSH		

- Show hosts are at the heart of our audio business and NZME will continue to identify, attract and retain the best talent
- Comprehensive market host study completed in August 2021 which highlighted NZME's strength
- 2020 saw significant change, 2021 and beyond is focussed on consistency
- New local shows launched in Christchurch, Wellington, Manawatu and Taranaki
- Development shows implemented across all brands with a focus on future talent

 NEW TO NZME

Closing the gap further is the focus through to 2023



Continued growth in 25-54 driven from improvements already seen at Breakfast

## NZME is NZ's leading local podcaster

### NZME Audio on Demand Content



NZME's podcast stable represents the best of NZME's radio shows and exclusive special features packaged as Audio-on-Demand episodes for catch-up listening.

### NZME Podcast Content – Originals and Bespoke



NZME Originals are unique content, comprising both digital-only offerings and multi-platform content. 'The Leighton Smith Podcast' is the fourth largest in NZ, a successful transition from a broadcast radio show into an original format podcast series. Inside Celebrity Treasure Island is a partnership with ZM and national TV broadcaster TVNZ.

### NZ Herald



NZ Herald's growing audio content supporting key editorial verticals, supporting long-format editorial and targeting youth audiences through series such as 'in the loop' – a weekly recap of the news focussed on 18-24 year olds.

### The Alternative Commentary Collective and KICK



Growing sports entertainment, comedy and youth content suite with digital native brands The Alternative Commentary Collective (ACC) and Kick.



## ACC - The Future of Sports Entertainment

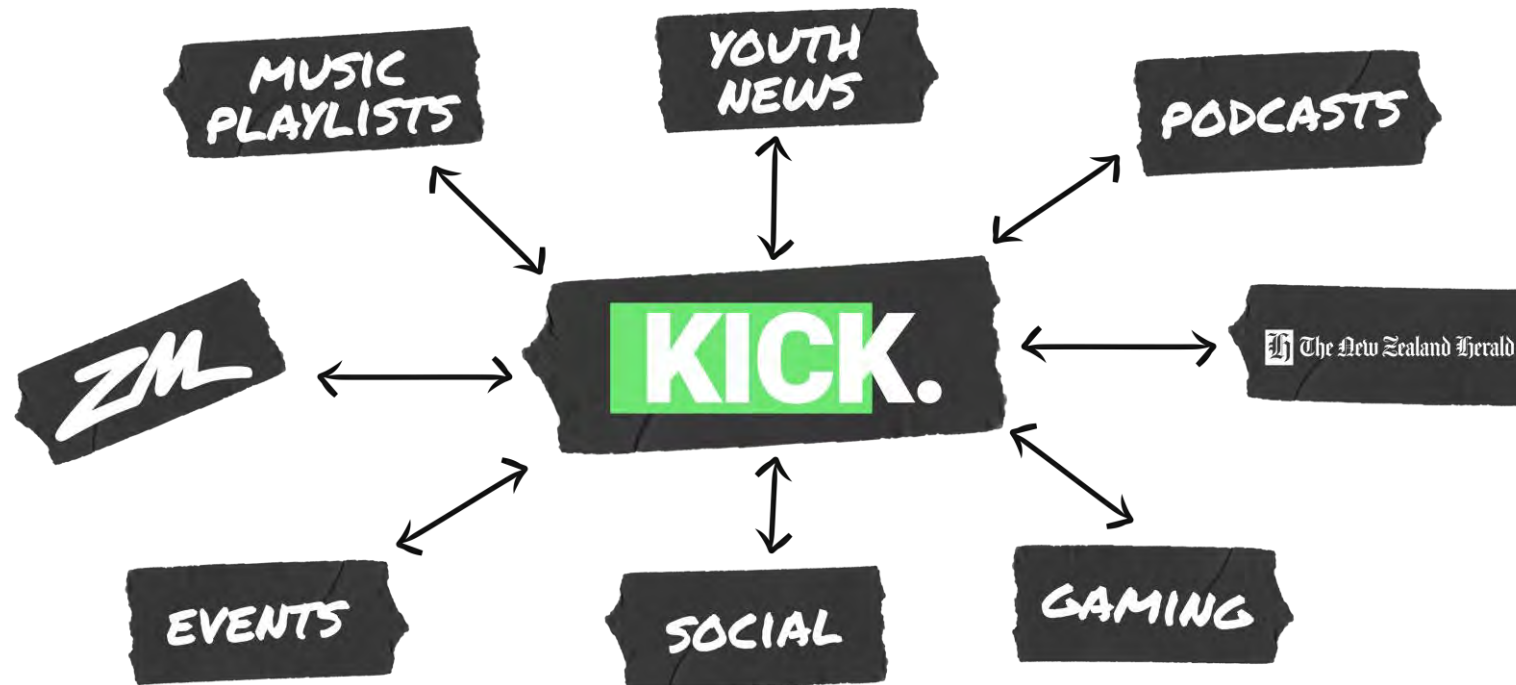
The Alternative Commentary Collective (ACC) is NZME's multi-channel sports entertainment brand encompassing digital audio channels, social channels, on-air integration with NZME terrestrial brands, and content integration with the NZ Herald



- Localised iteration of the successful US Barstool Sports model
- The ACC is 100% fan-focussed. It is original, non-traditional, risk-taking and attention-grabbing content
- The ACC has a well-established content proposition and has built an attractive audience of Males aged 18-44
- Current product suite includes podcasts, live commentaries and events
- Established partnerships with TVNZ, Sky TV and Spark Sport

## Grow digital brand KICK - by youth, for youth

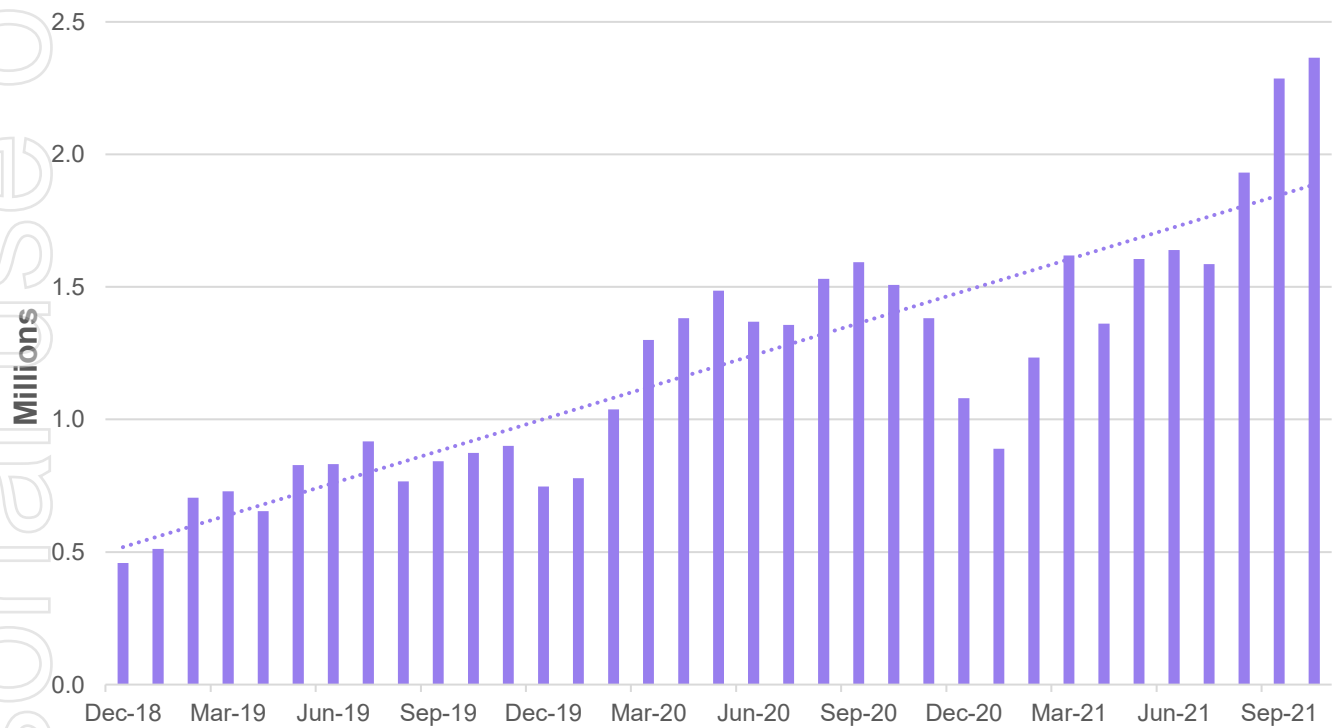
Incubate new, youth focussed content formats and strategies using the new KICK brand, in turn providing a feeder system of audience, content strategies and talent to NZME's wider audio business



# NZME is the leading podcaster in NZ

Podcast downloads continue to grow, up 43% year on year<sup>1</sup>

NZME Podcast Downloads<sup>1</sup>



New Zealand PodRanker September 2021<sup>2</sup>

Rank	Publisher	Downloads
1	NZME/iHeartRadio	3,285,995
2	Audioboom	820,765
3	Stitcher Media	937,804
4	MediaWorks	238,854
5	LiSTNR	200,494
6	Kast Media	197,539
7	Sports Entertainment Network (SEN)	77,100
8	Headgum	52,531













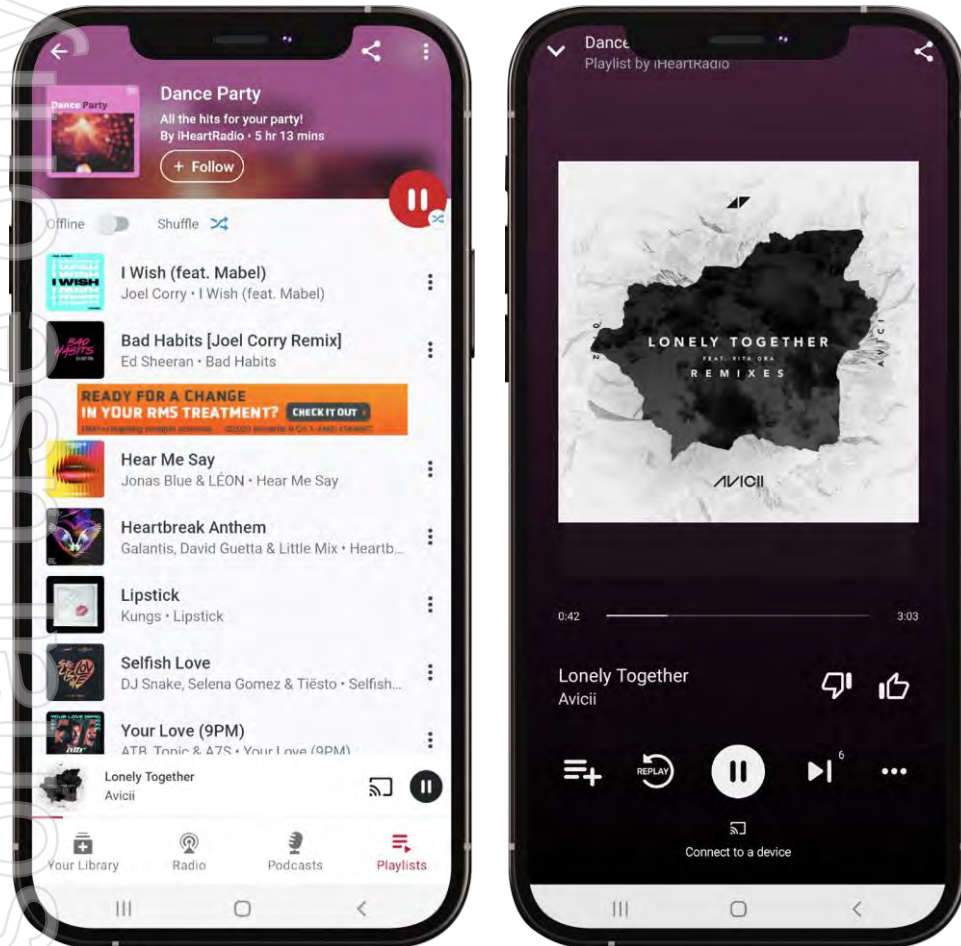
NZME's content matches what audiences want

In the US, iHeartRadio dominates audience and downloads through production of original shows and radio catch-up. NZME has brands and content that aligns with what global audiences are consuming – this demonstrates the opportunity that NZME has to serve New Zealand audiences

PODCAST INDUSTRY RANKINGS: US AUDIENCE AUGUST 2021<sup>1</sup>

RANK	PODCAST CONTENT HOUSE	US UNIQUE MONTHLY AUDIENCE	GLOBAL STREAMS & DOWNLOADS	ACTIVE SHOWS	NZME Equivalent Brands
1	iHeartRadio	32,406,000	252,352,595	590	<div>         </div>
2	NPR	22,255,000	158,983,111	47	
3	Wondery	12,486,000	68,500,424	127	
4	New York Times	11,409,000	88,571,387	14	
5	The Walt Disney Company	8,266,000	46,261,420	103	
6	NBC News	7,847,000	48,450,303	44	
7	PRX	4,587,000	56,574,633	93	
8	Barstool Sports	6,249,000	28,424,680	65	
9	Cumulus/Westwood One	5,973,000	37,878,561	121	
10	All Things Comedy	5,758,000	25,538,852	64	

# Digital is providing more access to audiences

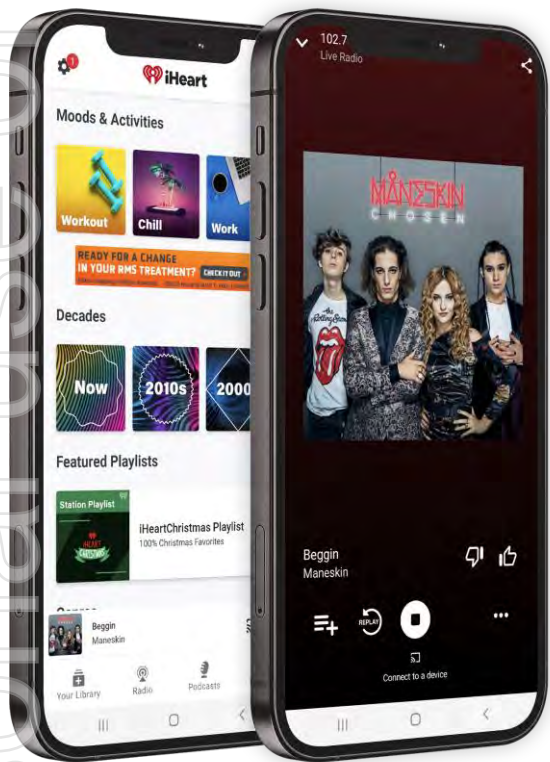


It's vital to meet consumers where they are now, and where they will be in the future. Increasingly, that means online, on mobile devices, at home, and at the time and place of their own choosing.

iHeartRadio is NZ's leading free audio app that delivers the best of radio, podcast and music content. The 2022 product and content roadmap include:

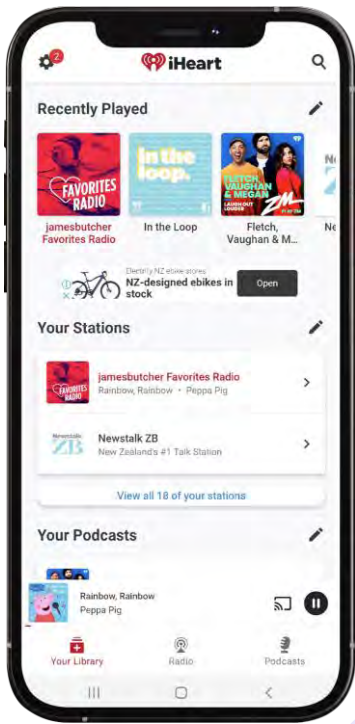
- 'Music Playlist' feature to enhance music streaming capabilities
- Branded listening experiences to complement radio shows and talent
- Further develop podcasting catalogue across all NZME brands

iHeartRadio functionality provides NZME with market leading capability for audiences and advertisers



iHeartRadio US App

iHeartRadio Functionality	NZ
Live Radio	●
Custom Radio	●
Artist Radio (algorithm-driven music streaming)	●
Podcatcher (access to millions of Podcasts)	●
Connected device integration (Smart speakers, connected car, smart TVs etc)	250 native integrations
Playlists	2022
Talkback (instead of only being able to call in, users can send a message directly from their iHeart Radio app)	2022
Interactive Podcasts (full screen player with interactive and changing images throughout the episode)	2022
Radio Plus Subscription	-
Full Subscription (Listen offline, unlimited access to millions of songs)	-



iHeartRadio NZ App

## New Zealand's leading audio company

There are three pillars to the Audio Strategy:



Create New Zealand's  
best local audio content



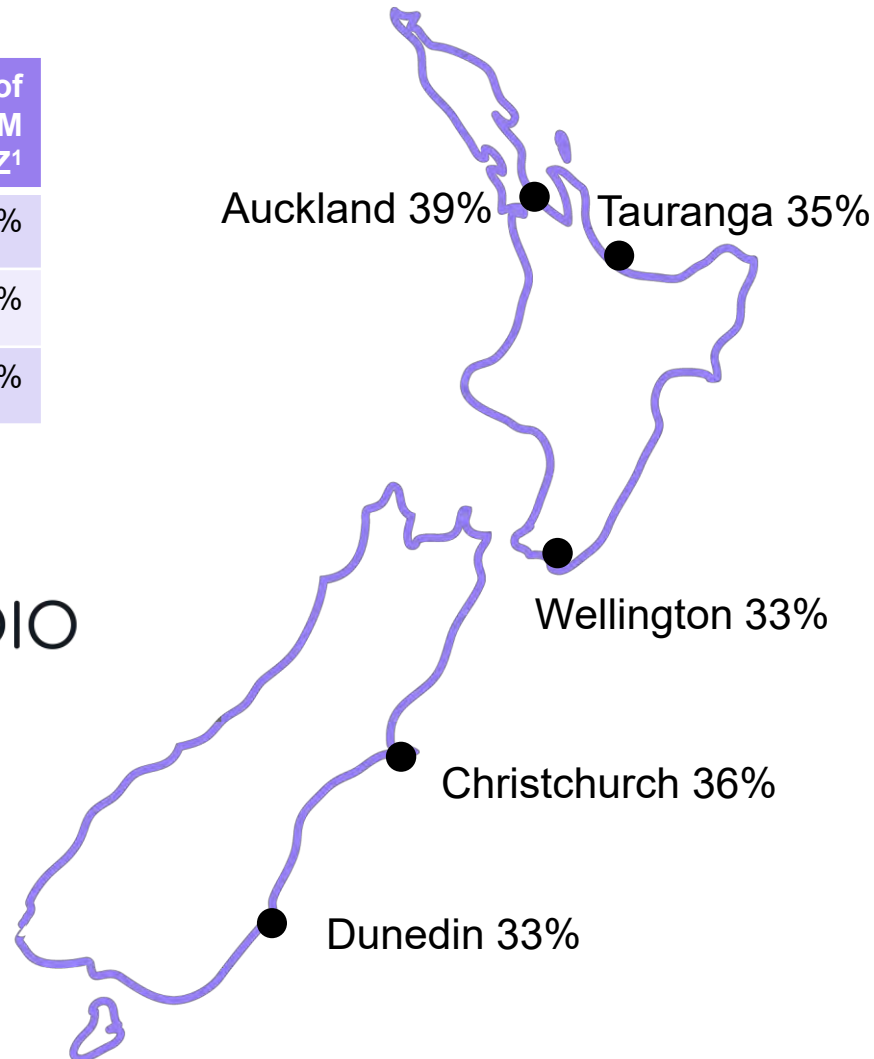
Grow broadcast and  
digital reach



Grow market revenue  
share and digital  
revenue

Extend national reach through iHeartRadio, strategic frequency acquisitions and investing in local content

Owner	% ownership of commercial FM frequencies in NZ <sup>1</sup>
NZME	38%
Mediaworks	50%
Other	12%



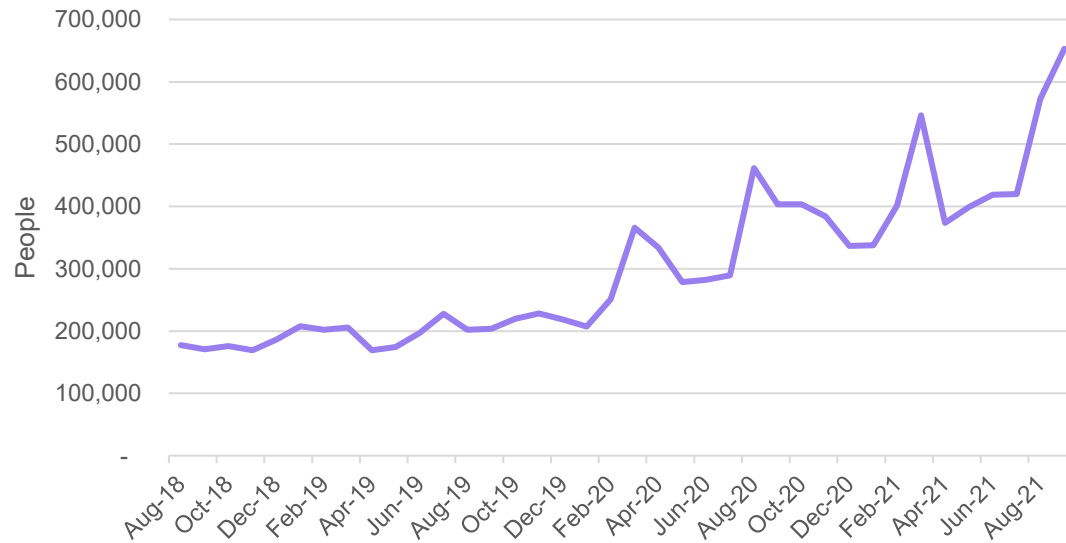
- Across New Zealand NZME holds just over 38% of all commercial FM frequencies. Gold FM and Flava broadcast in limited geographies
- We have strengthened our national frequency footprint over the past 12 months through:
  - Operationalising additional frequencies Northland
  - Select frequency acquisitions
- iHeartRadio complements our terrestrial network and provides nationwide coverage extending our audio reach across the country



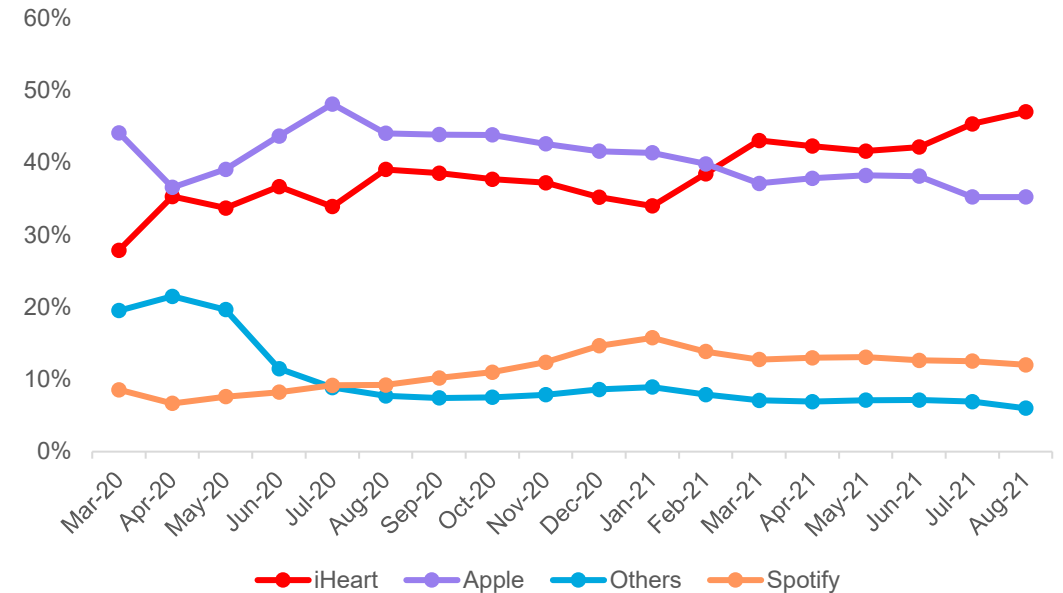
## iHeartRadio audiences are at all time high

iHeartRadio's reach has experienced significant audience growth and is also now the primary platform NZME podcasts are consumed on

Monthly Reach<sup>1</sup>



NZME Podcasts by platform listened on<sup>2</sup>



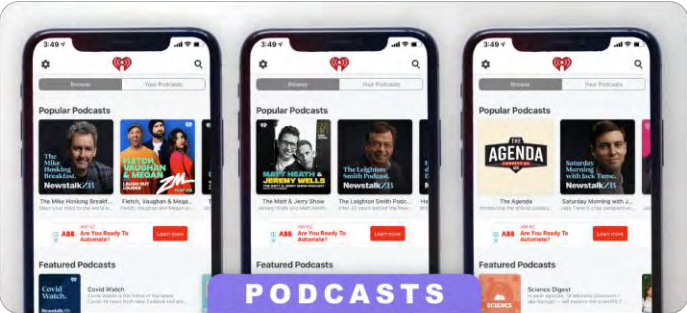
- Total listening hours on iHeartRadio for October 2021 were 6.4 million up 23% year on year
- 62% of listening is now on mobile, and 22% on Smart Speaker or connected device
- 91% of time spent on iHeart is listening to Live Radio
- Majority of NZME Podcast content consumed now on iHeartRadio App

Leverage NZME platform reach of 3.4m New Zealanders to grow audience

Build iHeartRadio's digital reach by attracting new audience and encouraging active engagement



NZME is uniquely positioned with brands and platforms across all touch points



**NZME.** NEW ZEALAND MEDIA AND ENTERTAINMENT



## New Zealand's leading audio company

There are three pillars to the Audio Strategy:



Create New Zealand's  
best local audio content



Grow broadcast and  
digital reach

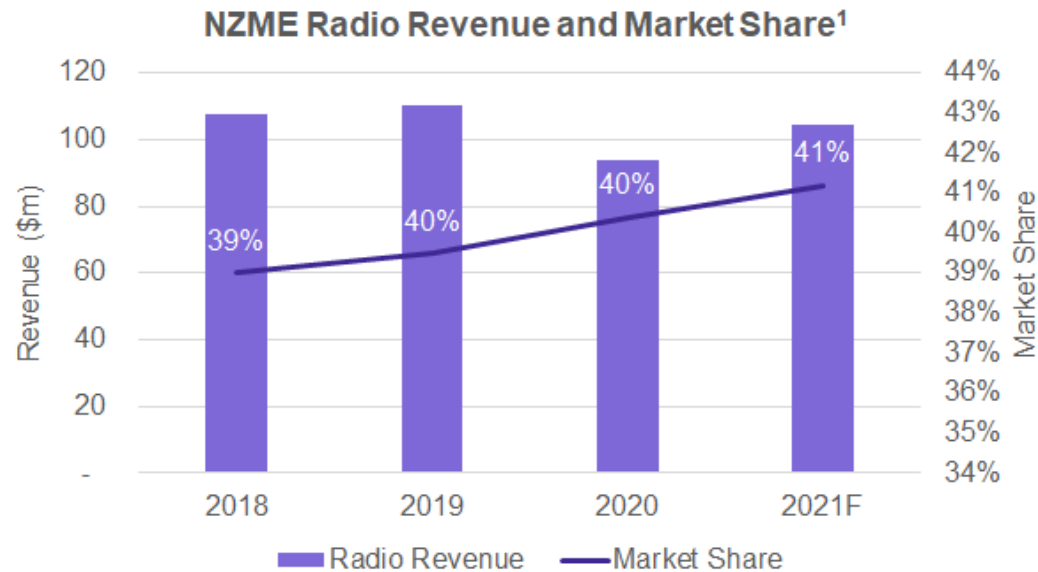


Grow market revenue  
share and digital  
revenue



# Continue to grow market share

Commercial focus on key music brands and digital audio



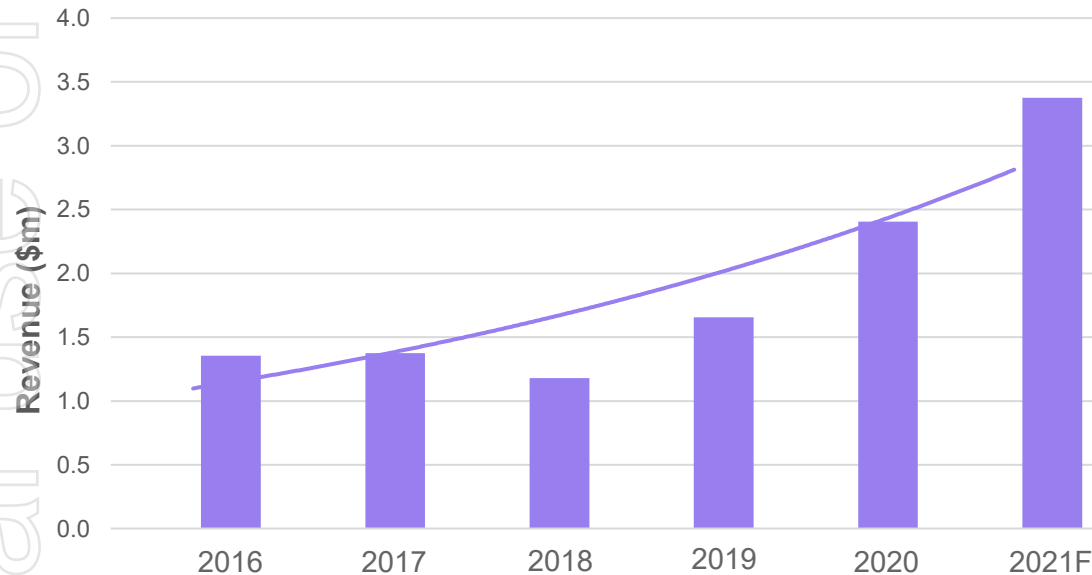
NZME's revenue share exceeds its audience share in all measured markets.

- Increase overall market size by:
  - utilising industry wide research highlighting the power of radio
  - growing the market by accessing digital advertising budgets
- Regional NZ remains a market share opportunity – regional resourcing has been strengthened
- Continue to leverage NZME's multi-platform integrated sales approach – 68% of revenue comes from multi-platform customers

## The leading digital radio commercial opportunity in market

Digital ad Insertion allows us to combine the benefits of Radio with the power of digital

NZME Digital Audio Revenue<sup>1</sup>



- Target specific audiences based on behaviours or demographic profiles
- Interactive formats that listeners can engage with such as 'shake me' or 'clicking on the banner' to complete an action
- Dynamic creative messaging based on conditions such as the time of day, where the listener is and the current weather conditions
- Reach audiences in new moments by targeting specific devices such as mobile phones or smart speakers



## Case study: HP Business Class - The Story of New Zealand Business

The international award-winning podcast series from Newstalk ZB, presented by Heather du Plessis-Allan. Partnering with Hewlett Packard, and now in a second season, HP Business Class leveraged the full portfolio of NZME brands including iHeartRadio, content syndication across NZ Herald and playing out on-air across Newstalk ZB



“We loved bringing iconic NZ stories to life that align so closely with HP’s driven spirit and mentality of innovation. The quality on display throughout the season which was created by our partners including Newstalk ZB was second to none.”

**Jessica Rangi, Head of Marketing, Print & Personal Systems, Hewlett Packard**

- 253 mins of Live Radio on Newstalk ZB
- 114,009 podcast listens (and growing)
- ZB Network activity estimated reach of 966,475 people aged 10+
- 10.7 million impressions across all NZME platforms
- 79,655 Page views across 22 different articles
- 1,546,115 reach across social
- Award Winner – Best use of audio INMA Awards 2021

## Scorecard

Metric	FY 2020 Achievement	H1 2021	2023 Target
<b>NZME share of total audience</b>	35.6% <sup>1</sup>	34.4% <sup>1</sup>	> 1% share point growth per annum
<b>Radio Revenue Share</b>	40.4% <sup>2</sup>	40.9% <sup>2*</sup>	> 1% share point growth per annum
<b>Digital audio revenue as a % of total audio revenue</b>	2.4%	3.2%	5%
<b>EBITDA<sup>3</sup> Margin Target (pre NZ IFRS16)</b>	14%	10%	15 – 17%

## 5.

## Publishing





5. Publishing

Carolyn Luey  
Chief Digital &  
Publishing Officer



**NZME.** NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

The NZ Herald is  
**New Zealand's Herald**

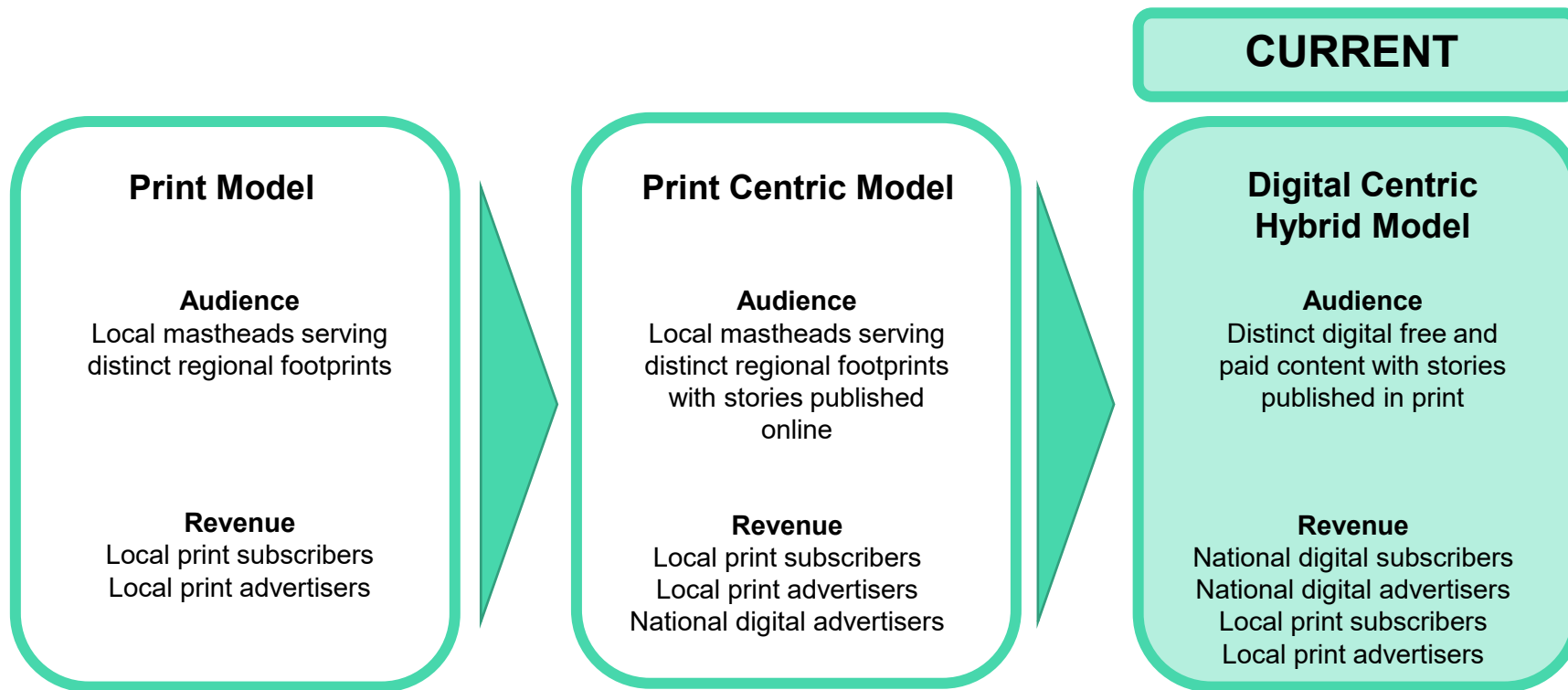


## Scorecard

Metric	FY 2020 Achievement	H1 2021	2023 Target
<b>Subscription Volume Target</b>	169,000 subscribers	177,545	More than 210,000 subscribers by 2023 year-end
<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%



# NZME's Publishing business has transitioned to a digital business, focused on growing digital subscriptions



# The NZ Herald is New Zealand's Herald

There are three pillars to the Publishing Strategy:



## AUDIENCE

The #1 News brand for  
all New Zealanders



## SUBSCRIBERS

Subscriber first



## ADVERTISING

Be a safe, scalable  
destination for  
advertisers



**SIMPLIFICATION** Simplify and automate operating model

# The NZ Herald is New Zealand's Herald

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**SIMPLIFICATION** Simplify and automate operating model

personal use only

5.

Publishing

Shayne Currie  
Managing Editor



# National coverage and award-winning content



## NewstalkZB

### New Zealand-wide reach

- Newsrooms and almost 300 editorial staff in more than 20 NZ-wide locations
- Two major news websites, one major radio news network, six daily newspaper titles, 16 community titles, 7 magazine titles
- Total New Zealand reach:
  - Digital reach of 2.24M<sup>1</sup>
  - Print reach of 1.45M<sup>2</sup>
  - Newstalk ZB reach of 672K<sup>3</sup>

### Breadth of award-winning content

- Integrated 24/7 news operation across NZH and Newstalk ZB
- Website of the Year 2020, 2021
- App of the Year 2020, 2021
- Newspaper of the Year 2020
- Regional Newspaper of the Year 2021
- Best Magazine 2021

### NZ content and industry partnerships



Newshub.

sky SPORT

Otago Daily Times

MĀORI  
TELEVISION

\* Spark Sport

THE SPINOFF



## The #1 News brand for all New Zealanders

**Audience expansion** through a data-assisted, refocused editorial/content strategy and regional and diversity initiatives



**Multi-platform storytelling** to grow audience engagement, leverage personalisation – and turn more of our audience into highly engaged subscribers



**Quality is at the heart of what we do** through specialist journalism and vertical content



**New newsroom tools and technology** to support our journalists in our growth objectives



# Audience expansion through new and diversified content



Kāhu is the NZ Herald and NZME's digital platform that showcases Māori stories and talent drawn from our newsrooms across Aotearoa

A pivotal moment for NZME - a low-key, long-term plan to build trust among our communities, recruit Māori staff, increase content relevant to Māori audiences, and tackle issues important to Māori health, welfare, education, and development

Our vision is to nurture a sustainable, authentic platform for Māori storytelling



An unprecedented industry collaboration (with Māori Television, Newshub and the Pacific Media Network) to train our future journalists. Twenty-five new cadets start in early 2022 to help future-proof journalism as a career pathway and enhance staff and content diversity



Building our content across New Zealand, with a 15-strong new editorial cohort, focusing on court and legal reporting

## Revitalising our local connections

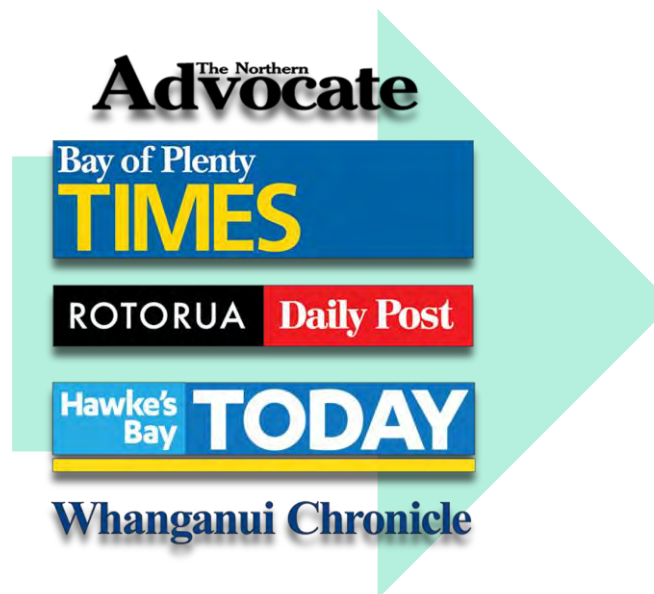
### COMMUNITY TITLES

- 'Reporting Local, Supporting Local' commitment across editorial and commercial
- New centralised operating model – shaping for a digitally focused future
- Alignment with NZ's Herald and the Herald support network



### REGIONAL TITLES

- Aligning NZ Herald brand across five regional daily titles
- Editorial strategy aligned with building audience engagement, subscriber growth
- Reinforcing our commitment to representing our local communities, giving residents a voice on what's happening in their home towns and providing business with a platform to effectively engage local customers





# Building our future news audience - A new NZME youth news brand

Creating a proposition that is 'made by rangatahi for rangatahi'

Younger audiences are already engaging with our news brands – 381,000 15-24yos read nzherald.co.nz every month<sup>1</sup>. We have exciting plans to supercharge that growth

- Develop a youth audience model that contributes to New Zealand's Herald being the #1 news brand for all New Zealanders
- Create a content proposition that will connect with New Zealand's future leaders and decision makers and develop a deep and ensuring interest in news storytelling and current affairs
- Develop a free news network across multiple platforms, specifically targeting audiences in the ways they want it, including what they want, when, where and how

## PREMIUM



More than 540 schools have signed up for NZ Herald Premium access

## AUDIO



New podcast, targeting 15-24yos with a youth-focused angle on news

## PRINT



One in five NZ Herald readers across a week are aged 18-29

# KICK.news

\* Working title for Youth Brand

# Build audience engagement by showcasing new projects and stories across multiple platforms

## VIDEO



The relaunch of *NZ Herald Focus* - new video news and sport show in short-clip and live format

# AUDIO



New, specialist podcasts – and  
a new morning news podcast  
highlighting the very best NZ  
Herald journalism

## DATA



Data journalism has been at the centre of our editorial campaign to have at least 90% of NZ's population vaccinated



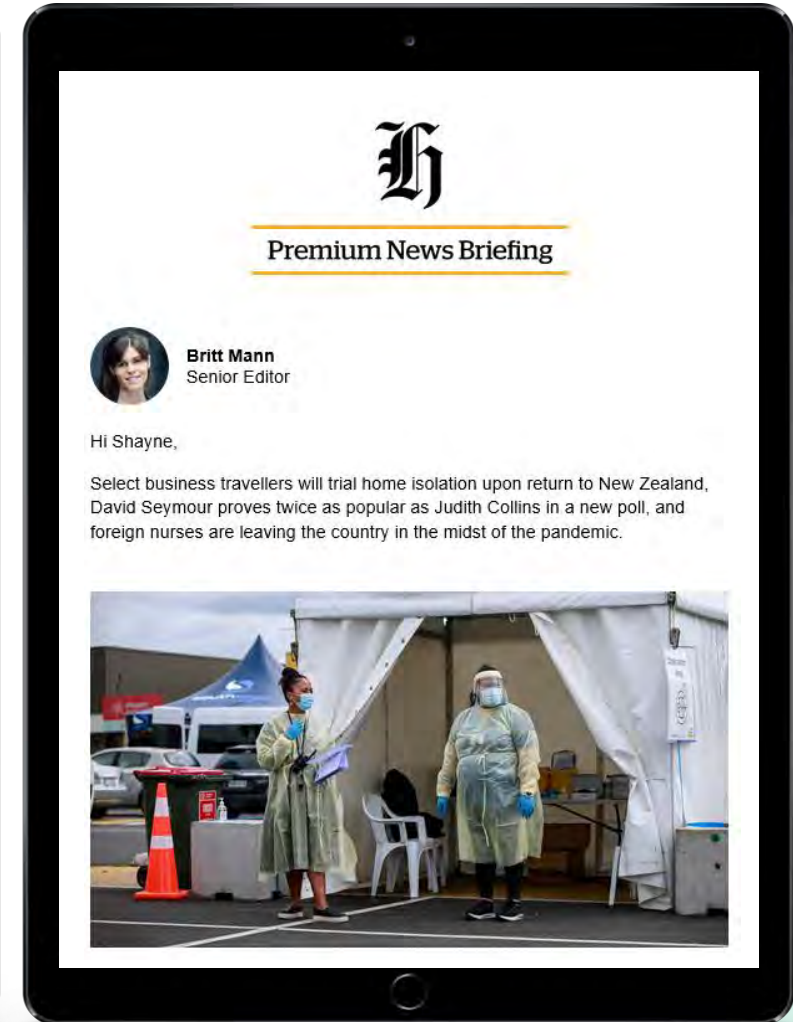
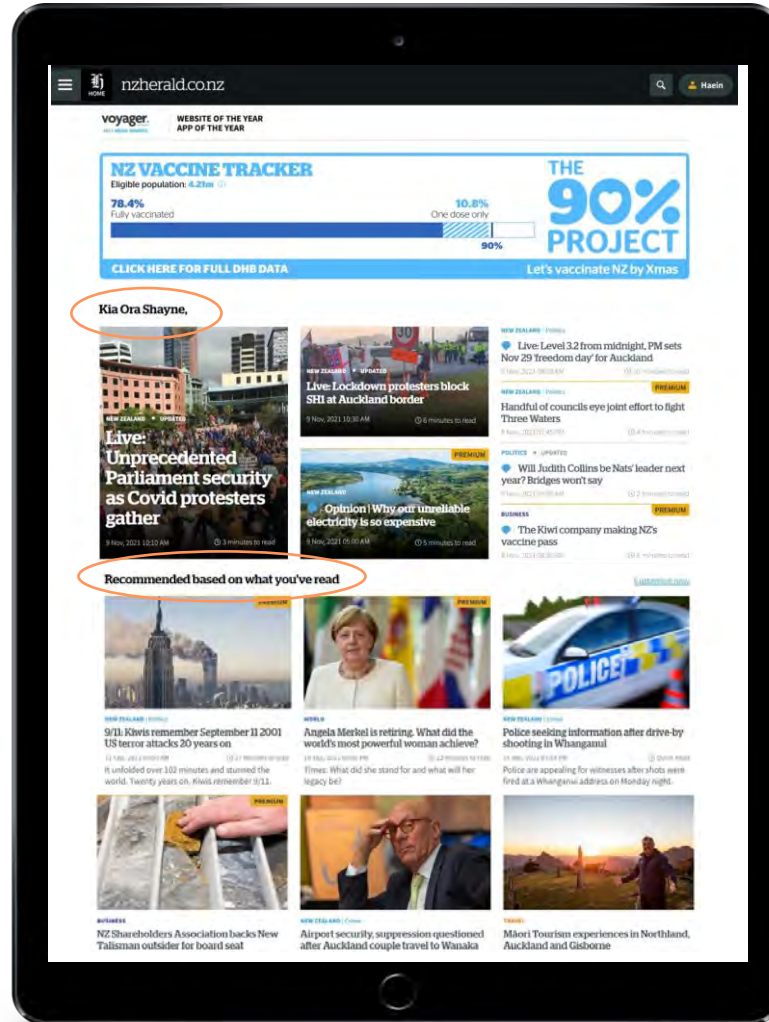
# Delivering bespoke journalism of personal interest to individual readers

## Q4 2021

- Personalised content embedded in prominent web positions - serving relevant, local content on site to build engagement
- Premium newsletters curated by our top journalists, delivered to inboxes

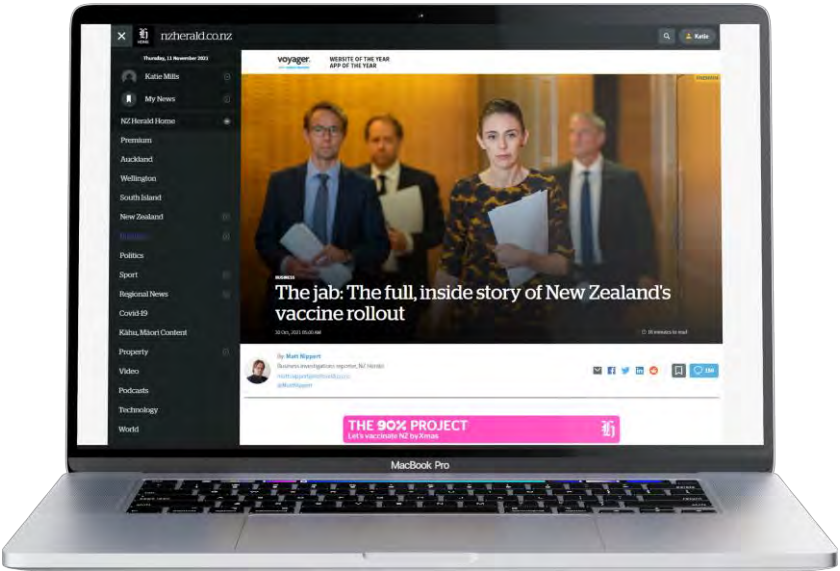
## 2022

- Entire new modules on the website –up to six articles in each section – with more relevant, personalised content
- Newsletters personalised based on browsing behaviour

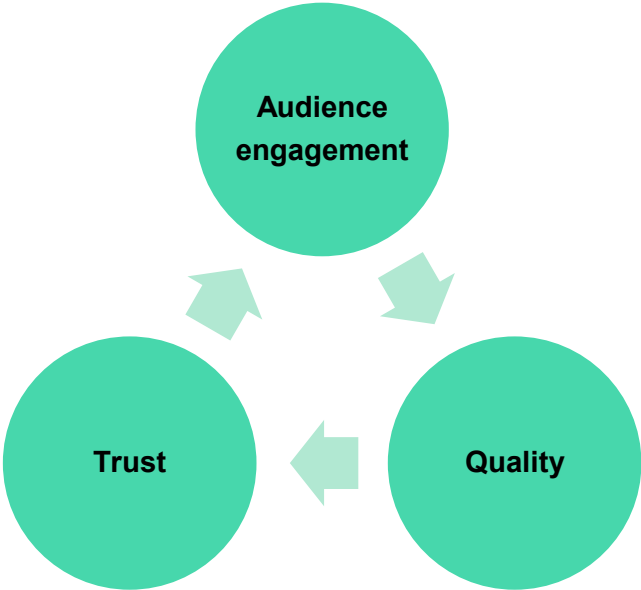


**It's not about being the biggest** - our editorial team is focusing on trust and engagement to fuel our growth

New Zealand's most trusted publisher (as measured by NZ on Air and AUT)



The newsroom KPIs:





# Quality is at the heart of the newsroom

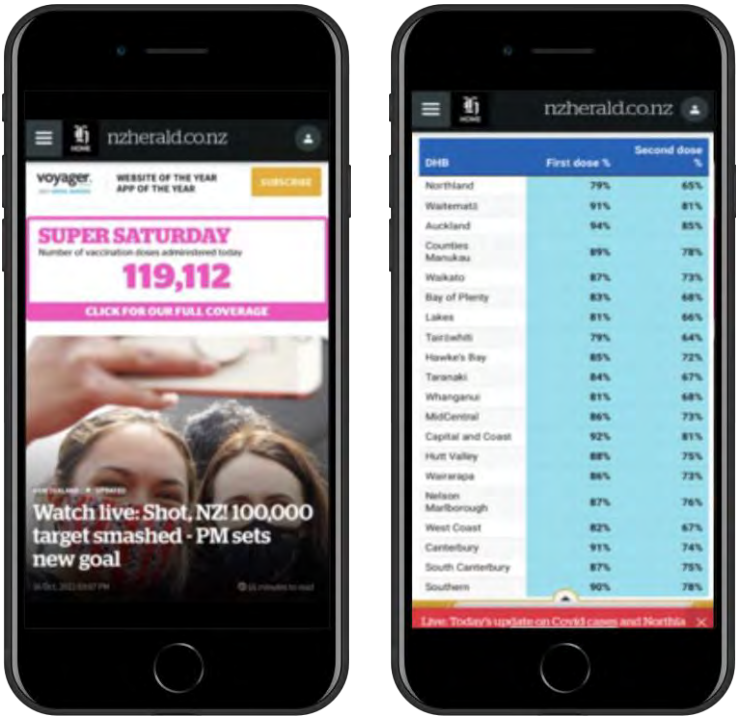
As well as the Covid 'bump', audience expansion has been driven by exclusive, quality journalism that uncovers the truth, sets the news agenda – and celebrates the best of NZ



- Education series – public v private schools; the \$1 billion private college
- How business is coping in Covid - the self-isolation business trial campaign
- Home Truths campaign – tackling NZ's housing affordability crisis
- The state of New Zealand's health system – and how it can be fixed
- America's Cup, All Blacks and Olympic glory

# NZME's news channels drive the national conversation

Highly influential, leading the national conversation to make New Zealand a better place - The 90% Project saw us initiate a vaccine target and daily scorecard for New Zealand



In an age of misinformation and fake news, the role of journalism has never been more important.

Overseas and local research shows audiences place a far higher degree of trust in credible media sources, compared with social media channels.

That trust is reinforced during major events, such as the Covid pandemic. NZME's engagement allows us to foster and lead debate – and help make New Zealand a better place through concerted editorial campaigns.



# Re-engineering the newsroom with an even stronger focus on distinctive, quality journalism

With the mix of data insights and journalistic instinct, we ask ourselves: Will this build audience and engagement and/or subscribers and engagement? If it's not meeting either of those thresholds, we ignore it

Utilise AI tools, which free up journalists from ‘mundane’ tasks and commodity news (e.g. daily weather bulletins, sports results, business reports) to focus on quality, unique journalism

The Now (Free)	The No	The New (Premium)
Breaking news	<div>Stories with low audience, engagement and subscriber interest</div>	Exclusive specialist content
Agenda-setting local stories that others are across		Investigations
Major announcements/press conferences and updates		Explainer and analytical journalism
Trending stories		Projects/campaigns
Partner content /public-funded content		Features/interviews



# Newsroom has access to more tools and technology to support journalism and audience engagement strategies



Audience Engagement

## Delivered in 2021

- Registration and sign-up flow
- Premium Subscriber Commenting
- New Local Sites
- Personalised Newsletters and Homepage Articles
- AI Social Media Tool

## 2022 and Beyond

- Premium Subscriber Article Sharing
- New Subscription Vertical Products
- Enhanced Content Recommendation Engine
- Personalised Homepage Module
- AI Generated Content
- New Video Destination



Editorial Automation

- Editorial Automation – Phase 1
- Automated App Curation
- Upgrade On Site Search

- Editorial Automation – Phase 2
- Automated article tagging and homepage curation
- Content Performance Prediction Engine
- Headline & Image Recommendations
- Automated content moderation

personal use only

5.

Publishing

Matthew Wilson

Chief Operations Officer



# The NZ Herald is New Zealand's Herald

There are three pillars to the Publishing Strategy:



**AUDIENCE**  
The #1 News brand for  
all New Zealanders



**SUBSCRIBERS**  
Subscriber first



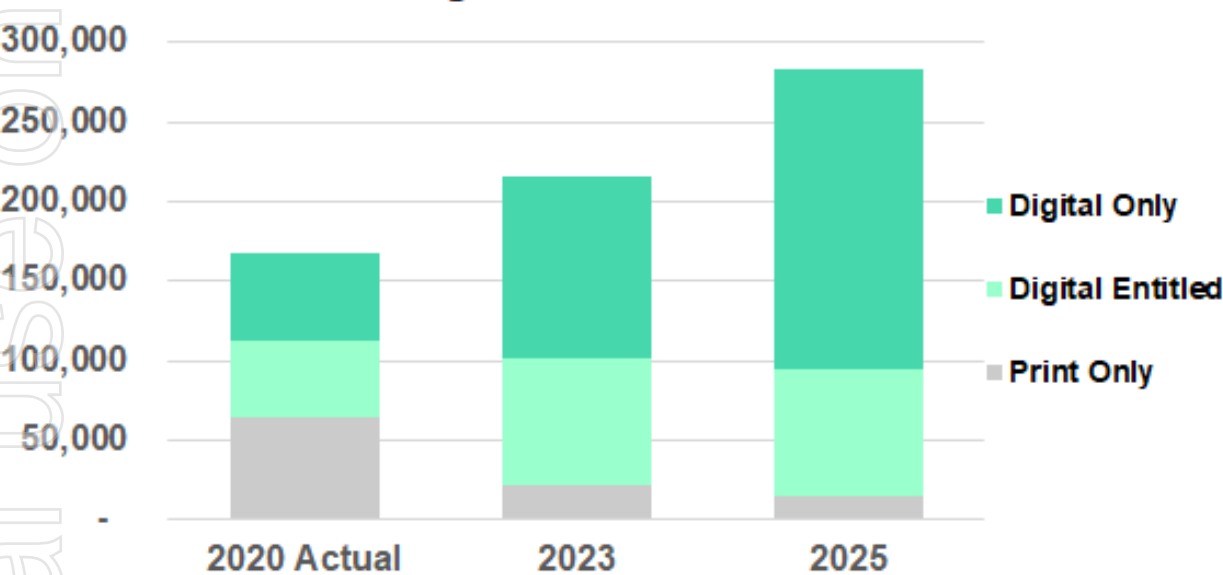
**ADVERTISING**  
Be a safe, scalable  
destination for  
advertisers



**SIMPLIFICATION** Simplify and automate operating model

# Scorecard – 2023 and beyond targets

Target Subscriber Growth



- Digital only subscriptions exceed print subscriptions in 2023
- More than 210,000 subscribers by the end of 2023
- Over 15% of NZ households subscribing to NZ Herald, in print or digital, by the end of 2025

# Focus on all subscribers



**1.  
Maintain Print  
Subscribers**



**2.  
Digital Subscriber  
Acceleration**



# Focus on all subscribers



**1.  
Maintain Print  
Subscribers**

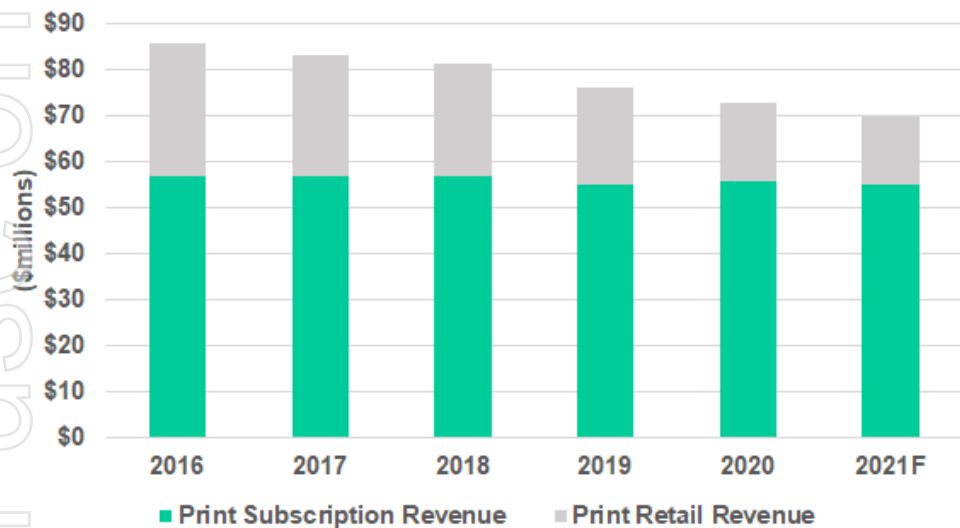


**2.  
Digital Subscriber  
Acceleration**

# Print subscriber revenues remain stable – supported by Premium activation

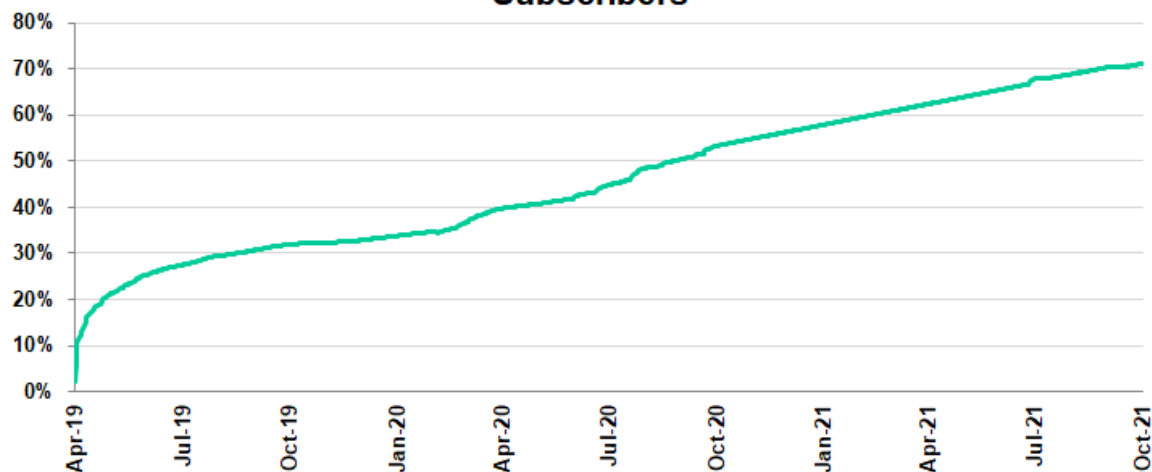
Personal use only

Print Reader Revenue Trend 2016 to 2021F



- Subscriber revenue stable (CAGR -0.7%)
- Subscriptions now over 78% of Print Reader Revenue and growing
- Retail revenue decline rate has stabilised to pre Covid levels

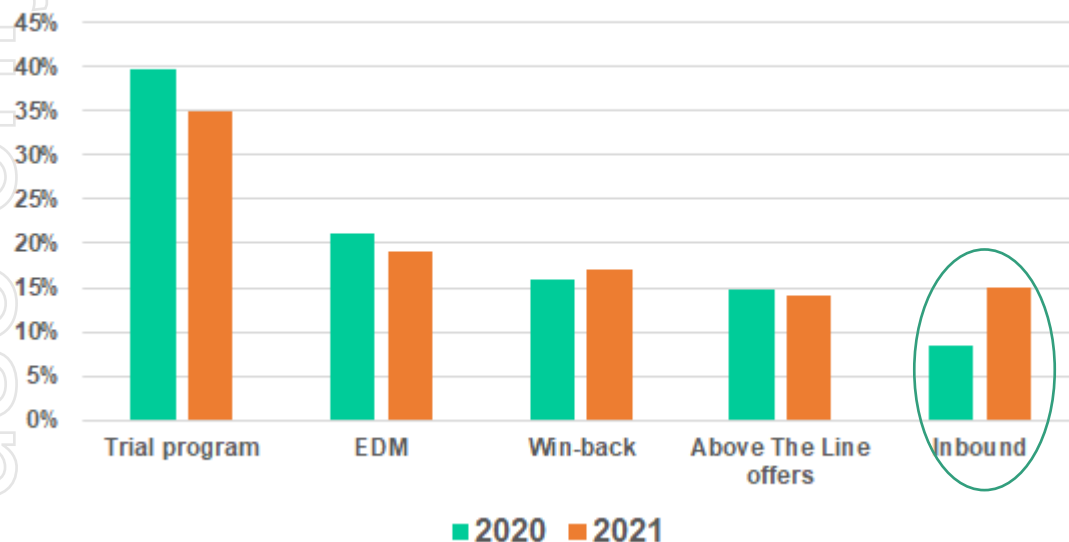
NZ Herald Premium Activations as a % of Digital Entitled\* Subscribers



- Over 70% of eligible print subscribers have activated access to premium digital content
- Key element to improving the print subscriber value proposition and a reader pathway to digital
- Churn on activated digital subscribers is 4 percentage points lower than those that have not activated

# Improved retention reflects Premium activation increases

Print Subscriber Acquisition By Channel

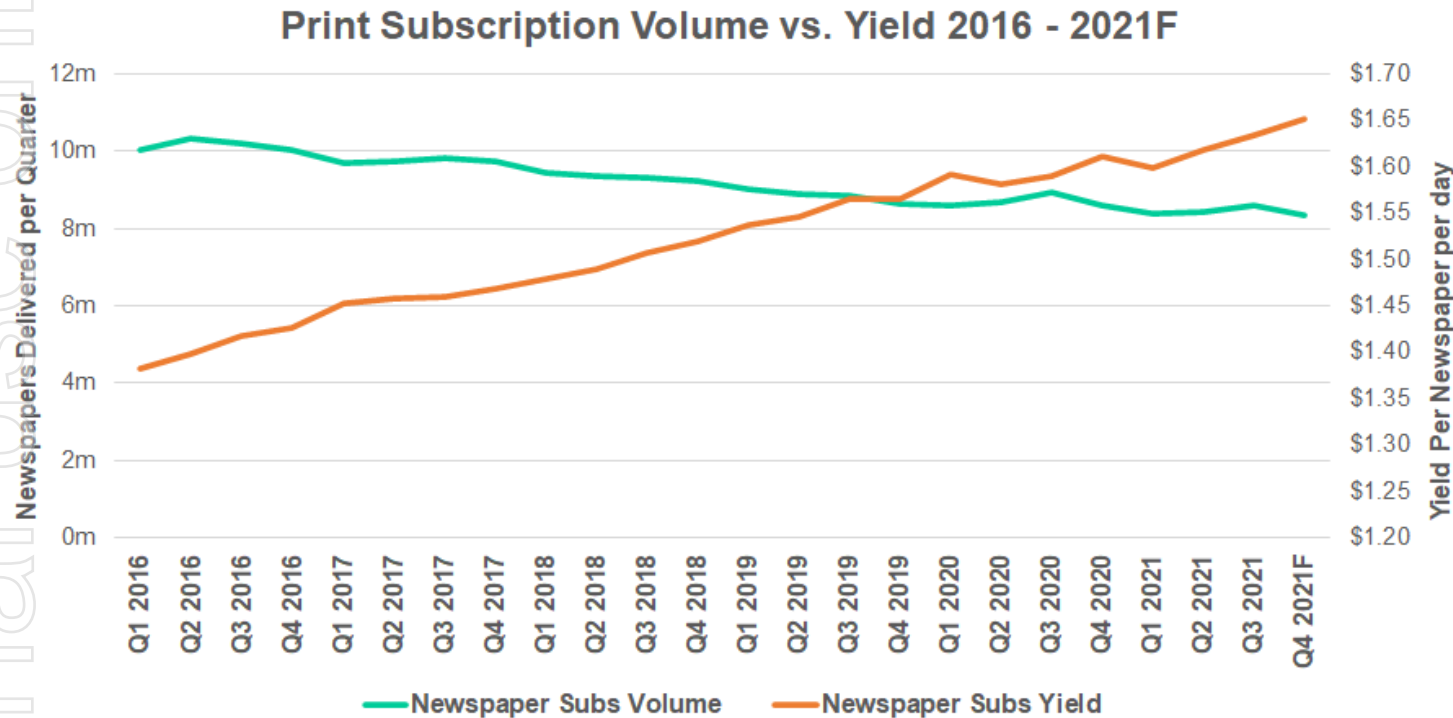


- More people at home has allowed us to utilise NZME's total audience to drive subscription sales
- A greater % of inbound sales has led to an improved quality of sale

	Active Subscribers 2021	Annual Retention % 2020	Annual Retention % 2021
< 1 Year	9,662	62%	63%
1-2 Years	8,181	71%	76%
2-3 Years	7,364	82%	82%
3-4 Years	7,058	85%	86%
4 Years +	76,986	90%	91%
<b>Total</b>	<b>109,251*</b>	<b>84%</b>	<b>86%</b>

- Higher proportion of subscribers activating Premium digital content has improved retention 2 percentage points year on year
- 77% of base 3+ years tenure with high retention

# Yield continues to offset small volume declines



- Cover price increase of \$0.20 per day implemented April 21
- NZ Herald is \$3.70 on weekdays and \$4.20 on weekends (incl. GST)
- Individual subscriber pricing continues to be reviewed annually on subscriber anniversary
- Average subscription price remains well below cover price

# Focus on all subscribers



**1.  
Maintain Print  
Subscribers**

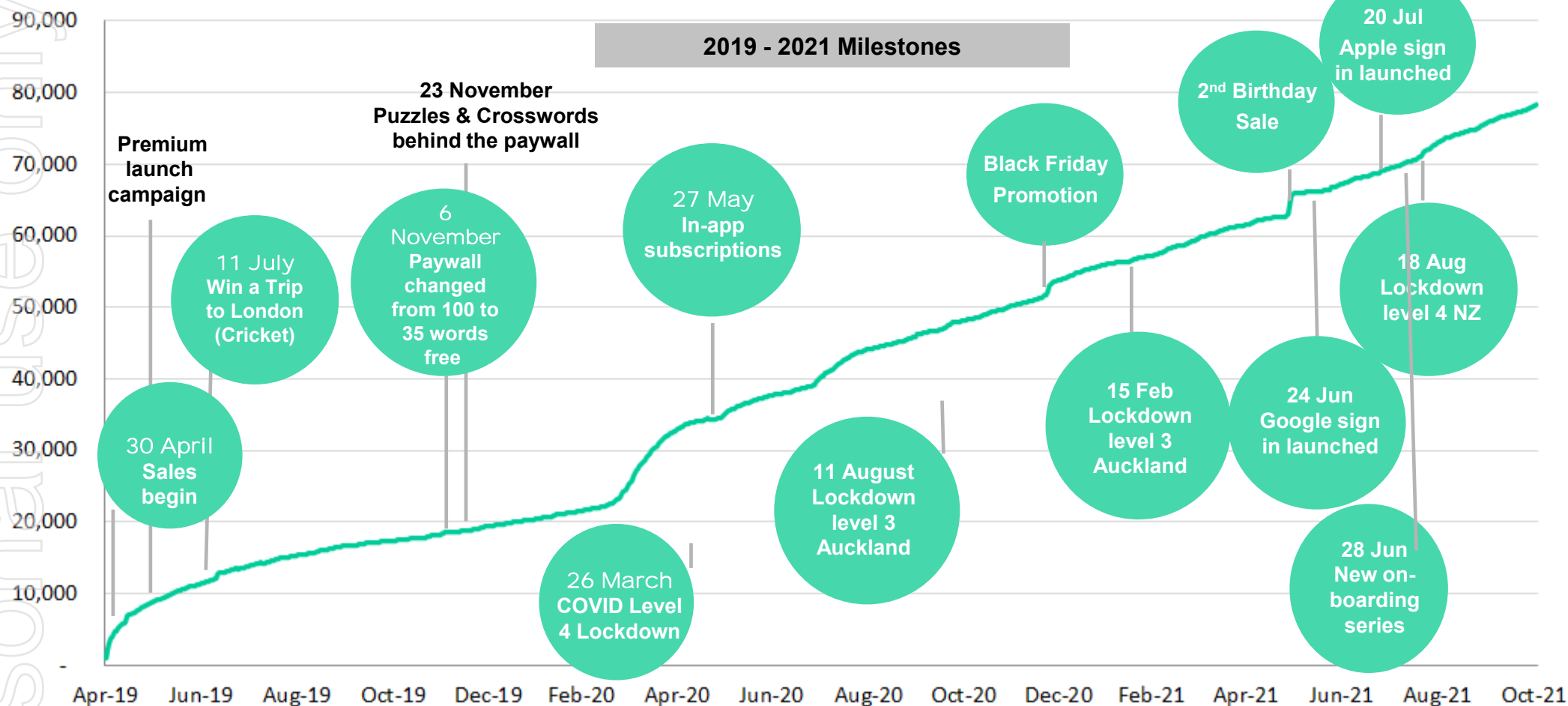


**2.  
Digital Subscriber  
Acceleration**

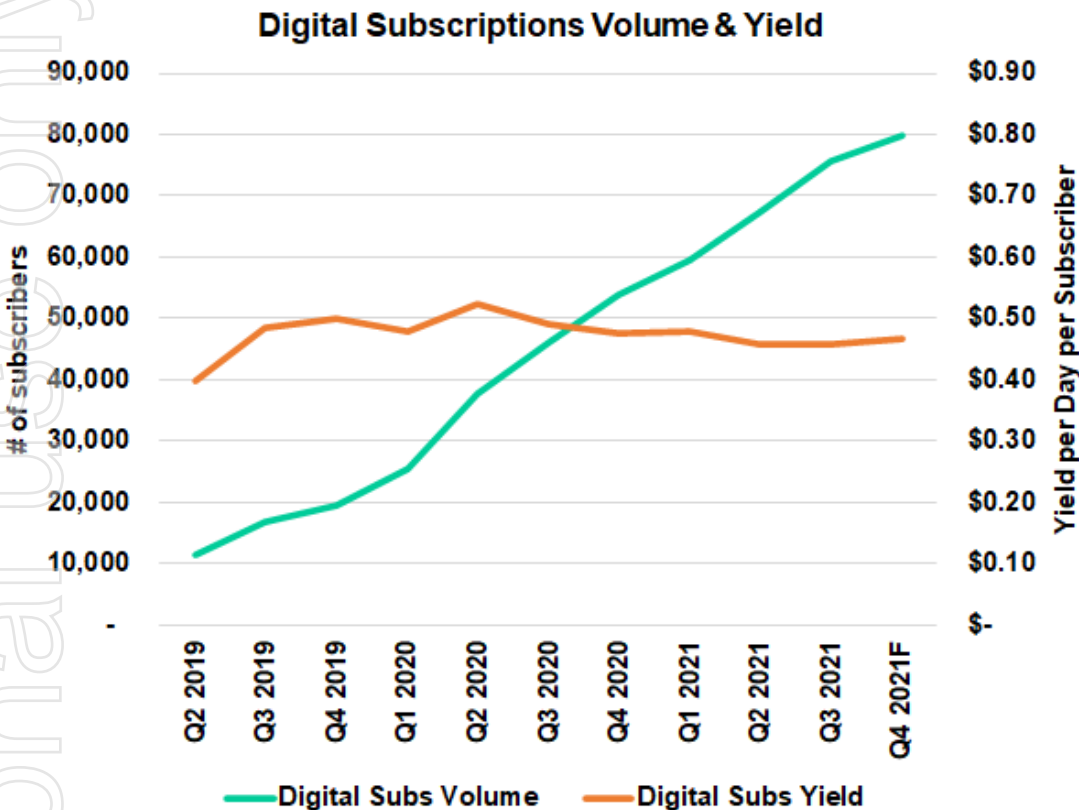


# Digital subscriber growth rate continues at pace

Cumulative NZ Herald Premium Digital Subscribers 2019 to YTD 2021





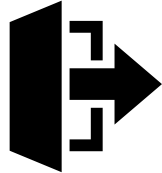


# NZ Herald Premium yield maintained as volume grows



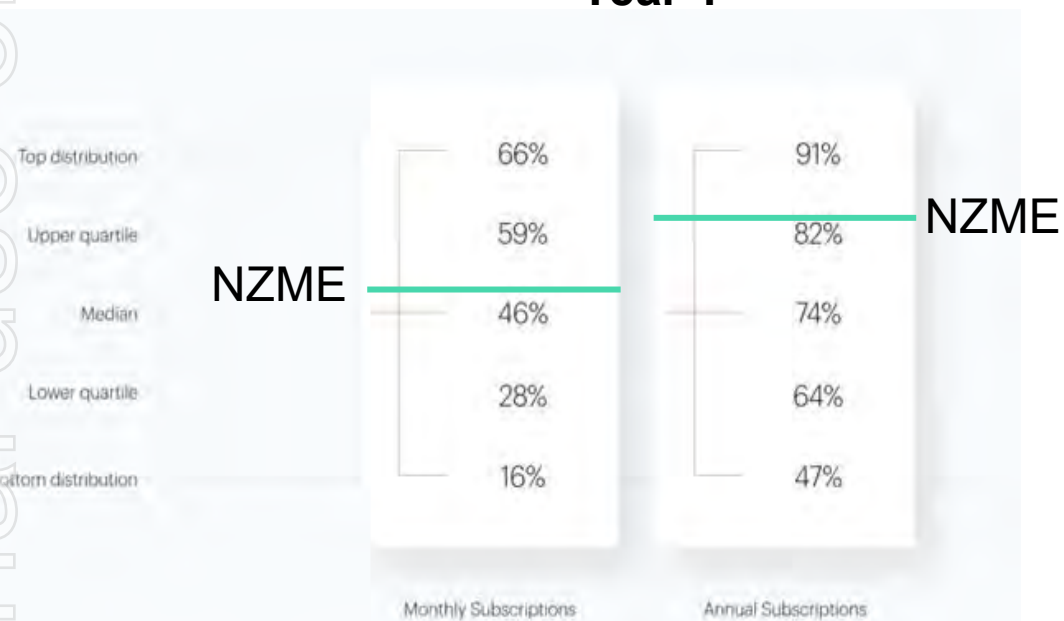
- Growing coporate customer base, now representing 13% of activated subscribers
- Reduction in yield from 2020 reflects this increased corporate customer base
- Introduction pricing offers are utilised to acquire customers and incent them to create a ‘100 day habit’

# NZ Herald Premium is performing well versus international benchmarks

Measure					
	Subscriber Penetration Rate	Monthly ARPU	Paywall Stop Rate	Monthly starts per million UAs	Monthly Churn Rate
International Benchmark	2% - 4% <small>FTI &amp; Mather</small>	\$10 - \$15 <small>Developed Markets FTI</small>	5% - 8% <small>FTI &amp; Mather</small>	600 - 1000 <small>Mather</small>	>3% - 5% <small>FTI &amp; Mather &amp; FT Consulting</small>
NZH Premium	4.0%	\$14.26 (NZD) \$10.21 (USD)	8.8%	2,502	3.3%
Status	✓	✓	✓	✓	✓

# Churn better than benchmarks but still an opportunity for improvement

## Subscriber Retention Year 1



- Churn better than international benchmarks
- Opportunity to improve retention by improving the value proposition and increasing annual subscriptions

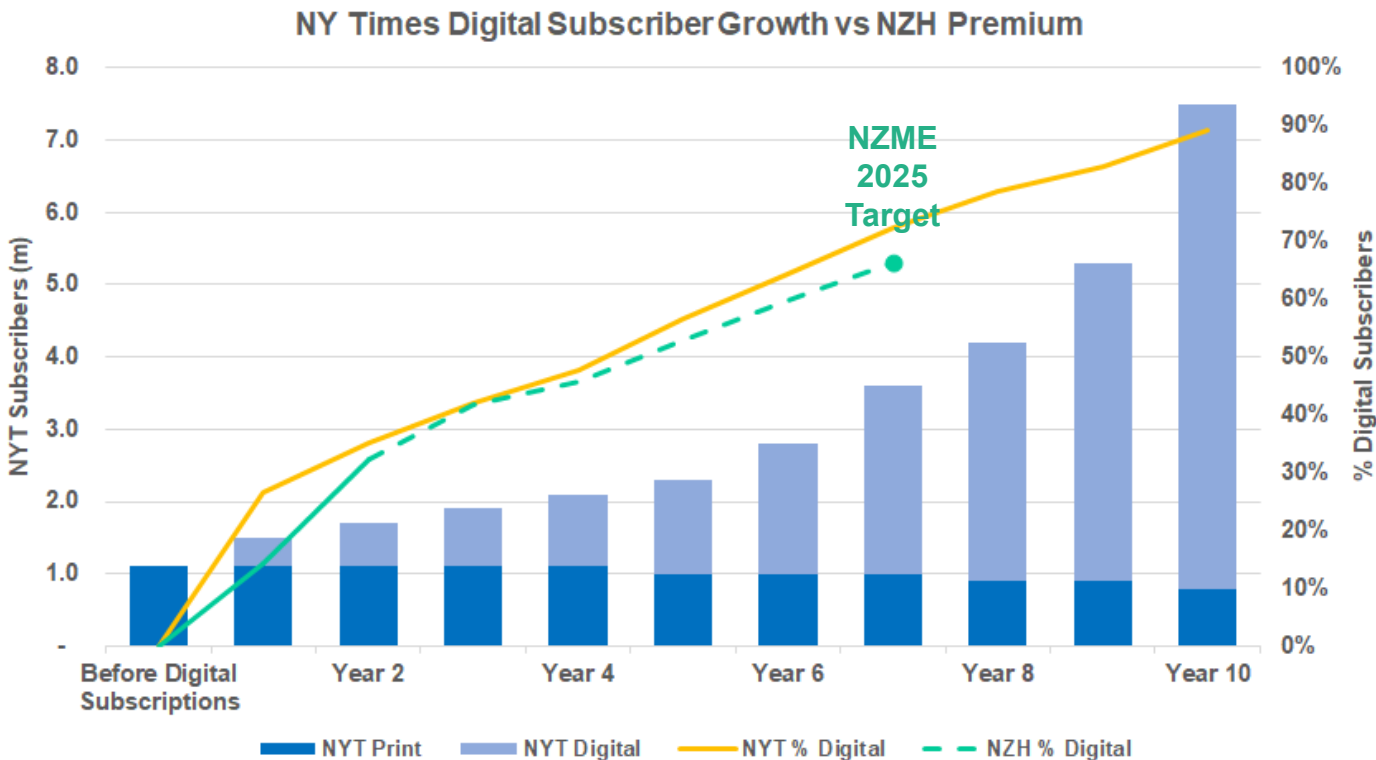
# NZ Herald Premium is tracking in line with Global publishers

## The New York Times Digital Metrics<sup>1</sup>:

- Total digital subscribers 2.1% of USA population or 4.3% of average monthly unique audience (164m)
- Digital subscription revenue overtaken print circulation revenue for first time
- NYT Total Digital ARPU<sup>3</sup> US\$84 per annum, Print US\$645 per annum

## NZ Herald

- Paid digital subscribers 1.6% of NZ population or 4% of average monthly unique audience
- Digital subscribers ARPU<sup>3</sup> NZ\$171 per annum, Print subscribers NZ\$502 per annum
- Digital and Print subscriber direct contribution per subscriber are broadly similar

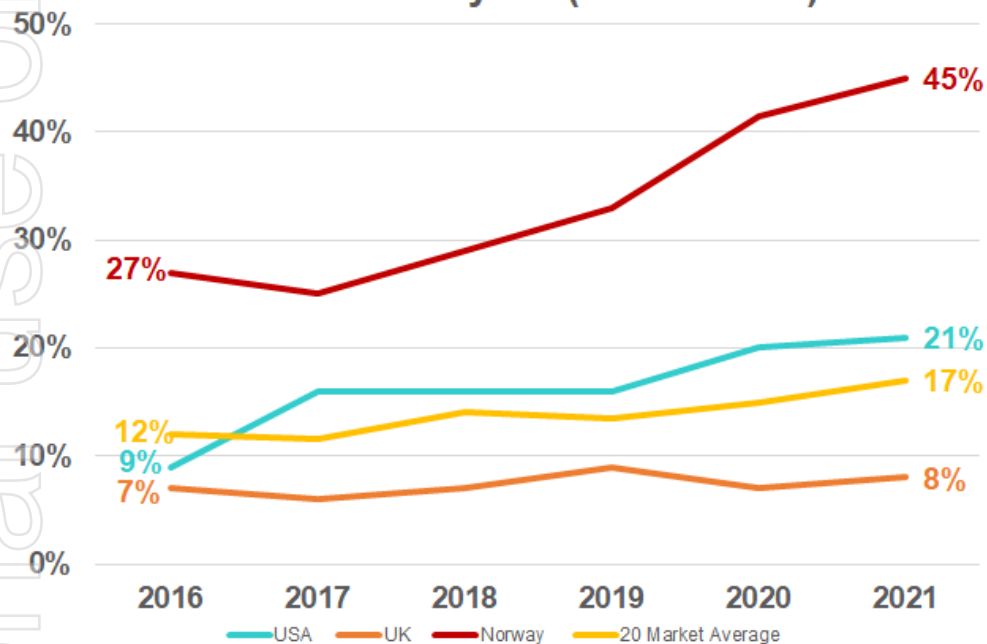


	Digital Subs	% HH <sup>4</sup>	% Population	% UA <sup>5</sup>
New York Times <sup>1</sup>	7,100,000	5.4%	2.1%	4.3%
News Corp Australia <sup>2</sup>	810,000	8.0%	3.1%	6.9%
The Times & Sunday Times <sup>2</sup>	367,000	1.3%	0.6%	2.3%
NZ Herald	78,500	4.2%	1.6%	4.0%



# Paid news subscriptions have continued to grow - on average readers have one paid news subscription

Proportion that paid for any online news in the last year (2016 - 2021)



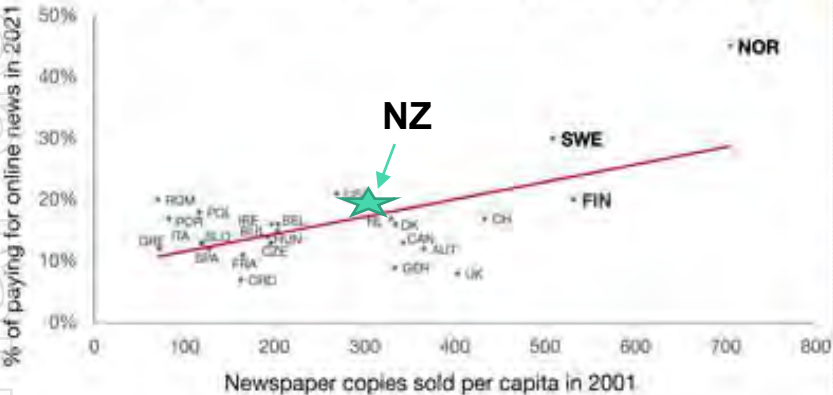
- Around the globe the proportion that pay for online news has continued to grow
- On average subscribers tend only to have one digital news subscription
- The average age of subscribers 50 – 55
- Opportunity for NZME is to take advantage of the growing potential market size and be NZ's leading news subscription offering

# The market opportunity in New Zealand is 1 million subscribers

## Past vs. present Markets with willingness to pay

The more print newspapers were sold, the more pay for online news

Proportion of adults who paid for online news in the past year, by country, vs. the number of print newspaper copies sold per capita 20 years ago



Top 10 markets	% paid online (2021)	copies per 1000 (2001)
Norway	45%	705
Sweden	30%	509
USA	21%	269
Finland	20%	532
Romania	20%	70
Poland	18%	116
Portugal	17%	83
Switzerland	17%	433
Netherlands	17%	329
Belgium	16%	204

- In 2001, 272 newspapers were sold per 1000 people in NZ – that was 1 million newspapers per day at that time
- NZ’s print distribution was similar to Netherlands and USA. They now have circa. 20% of population paying for news online at least once a year
- On this basis: NZ’s total addressable market for paying online news could be circa. **1m**

# Digital subscriber acceleration through three strategies



**Enhance Value Proposition**

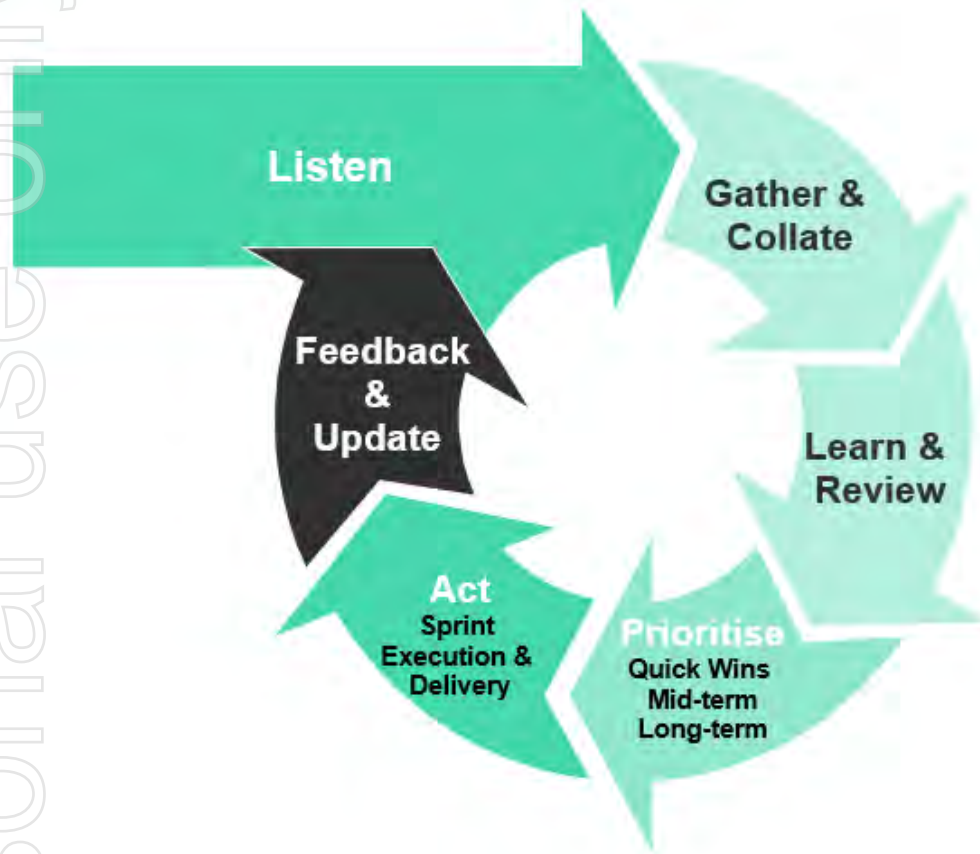


**Launch New Verticals**



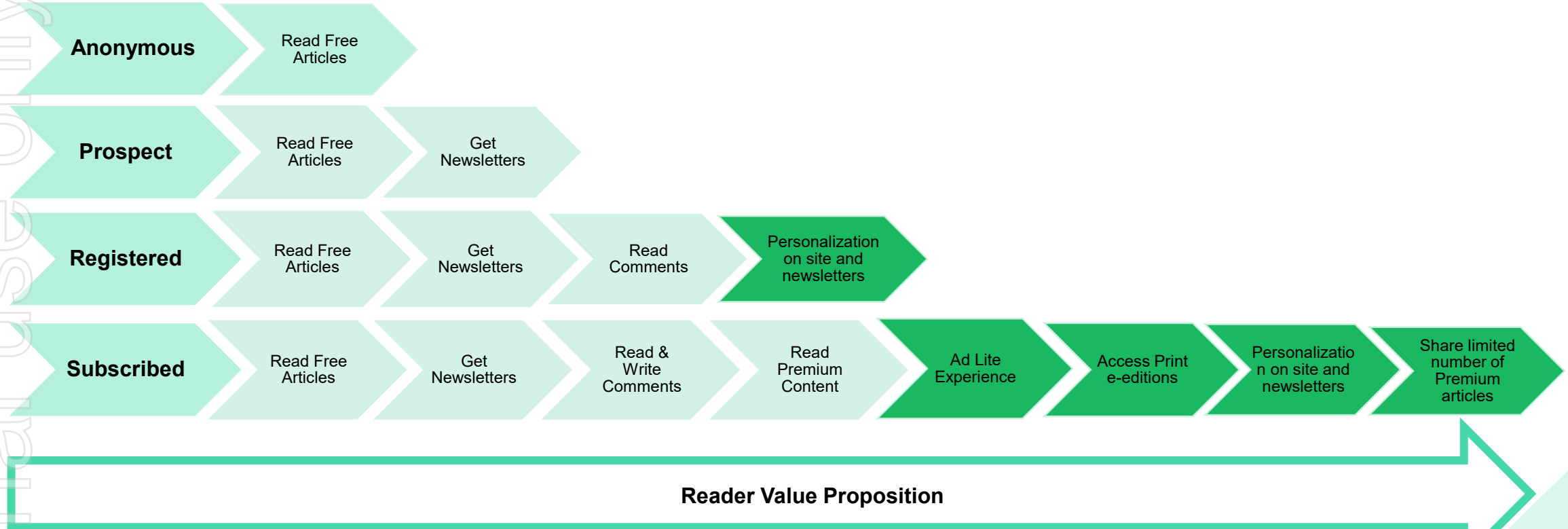
**Optimise Pricing and Packaging**

# Enhancing the value proposition with an improved end-to-end customer experience



- Improve end to-end touchpoints including onboarding, in life and exit experiences, focusing on moments that matter
- Enhance Corporate subscriber's self-service capabilities
- Clear product features and benefits for each reader state

To enhance the value proposition, we will continue to enrich the Premium Subscriber experience



Key:

USER STATE

CURRENT  
BENEFITS

FUTURE  
BENEFITS



# Broaden the appeal of the subscription proposition and grow ARPU by delivering key verticals



## Herald Premium



## Business



## Lifestyle



## Food



## Puzzles

### Customer Need

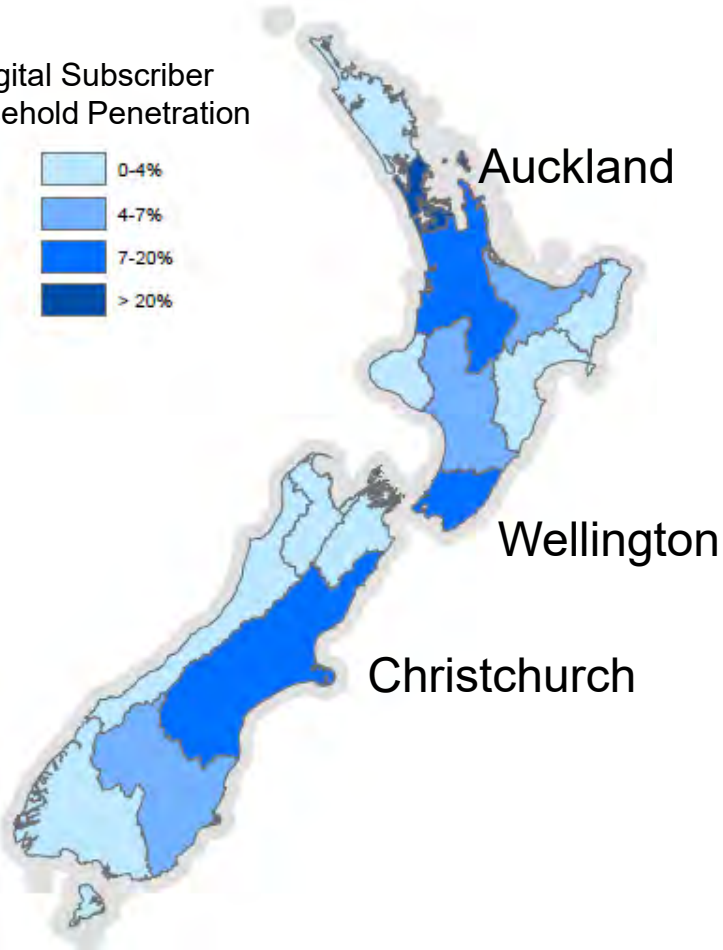
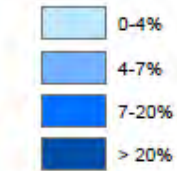
- I want a source of NZ News I can trust that goes deep on the big issues – quality and depth is important to me
- Single trusted source of insight and analysis that covers NZ business and investments
- I’m looking for inspiration in my life that is modern, smart and has an edge – so I stay ahead of the game with what’s new and topical
- I’m looking for inspiration on what to cook
- One place I go for trusted recipes and advice
- I am looking for a challenge that gives my goal seeking behaviour an outlet. Puzzles are soothing and good for me

### Proposition

- High quality journalism to stay ahead*
- Authority on business, finance and investment news in NZ*
- Place to go for popular culture, fashion, beauty and lifestyle news in NZ*
- NZ Digital Cook Book & Guide*
- Ultimate puzzle book*

Our subscription footprint is now the whole of NZ - deeper regional penetration is an opportunity

Digital Subscriber Household Penetration

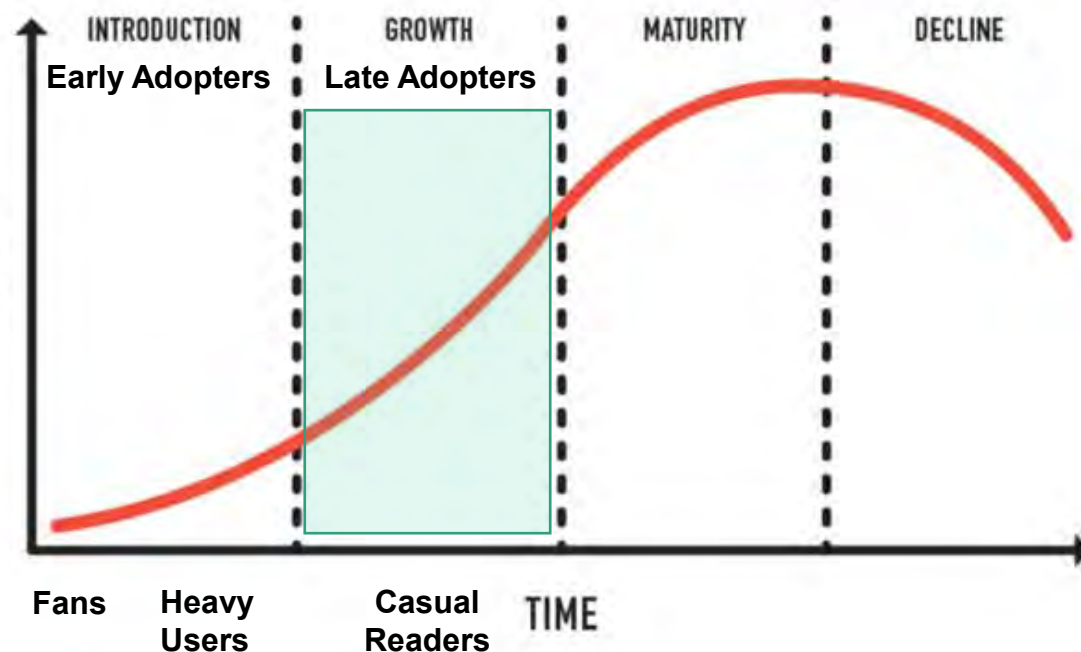


### Tactics to improve subscriber penetration:

- Utilise NZME local sales teams to sell B2B corporate subscriptions
- Utilise new personalisation tools to showcase more relevant local content
- Regional database partnerships
- Utilise NZME platforms to promote NZ Herald Brand and Premium
- Launch subscriber verticals to unlock new audiences

# Implement strategic pricing model to optimise long term value

## New Product Adoption LifeCycle



To date focus has been on early adopters. As we accelerate our growth into more casual readers, we are developing a strategic pricing model with the aim:

- to understand opportunity to grow volume faster and then improve yield
- to test price and term
- to make a recommendation for product bundles and tiers

5. Publishing

Carolyn Luey  
Chief Digital &  
Publishing Officer



# The NZ Herald is New Zealand's Herald

There are three pillars to the Publishing Strategy:



## AUDIENCE

The #1 News brand for all New Zealanders



## SUBSCRIBERS

Subscriber first



## ADVERTISING

Be a safe, scalable destination for advertisers



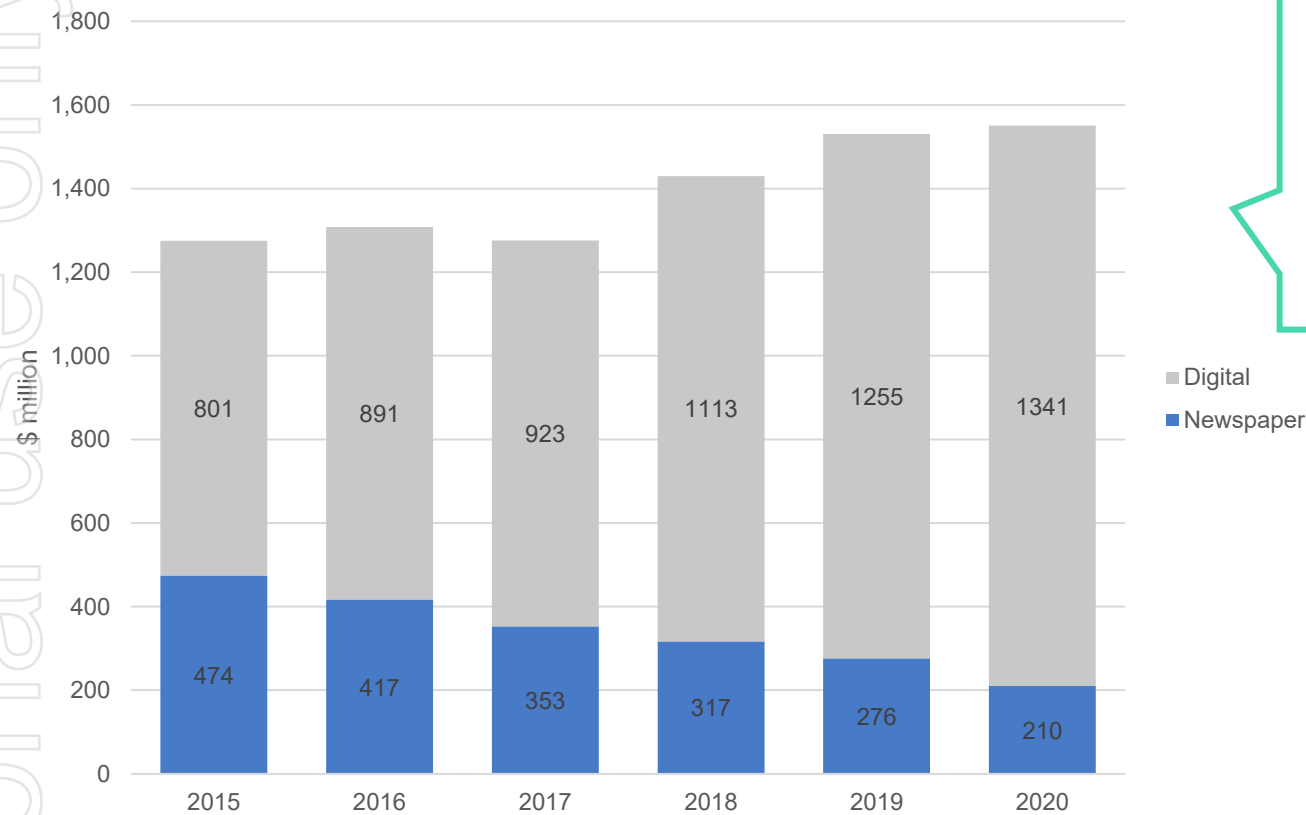
## SIMPLIFICATION

Simplify and automate operating model



# Digital market growth continues

Newspaper and Digital Advertising Spend in NZ 2015-2020



## Digital Revenue Categories<sup>1</sup>

Display - \$163M

Search – \$833M

Social – \$133M

Classifieds & Directories – \$213M

## Digital Revenue<sup>2</sup>

Share of Total NZ Advertising Market

2015 31%

2020 55%

CAGR 2015–2020: +10%

## Newspaper Revenue<sup>3</sup>

Share of Total NZ Advertising Market

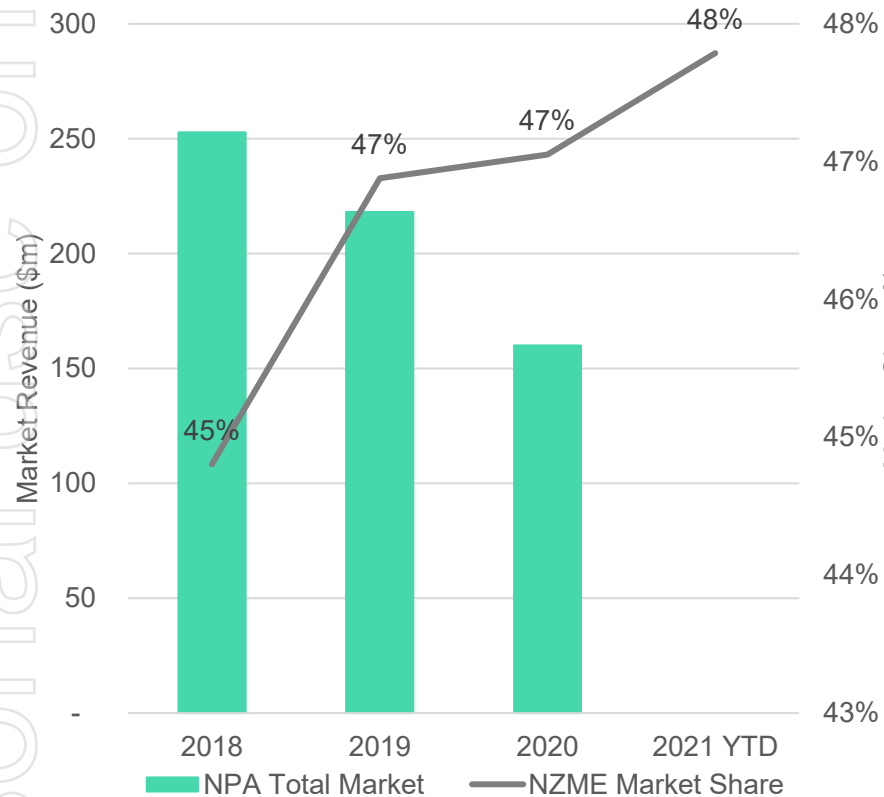
2015 18%

2020 9%

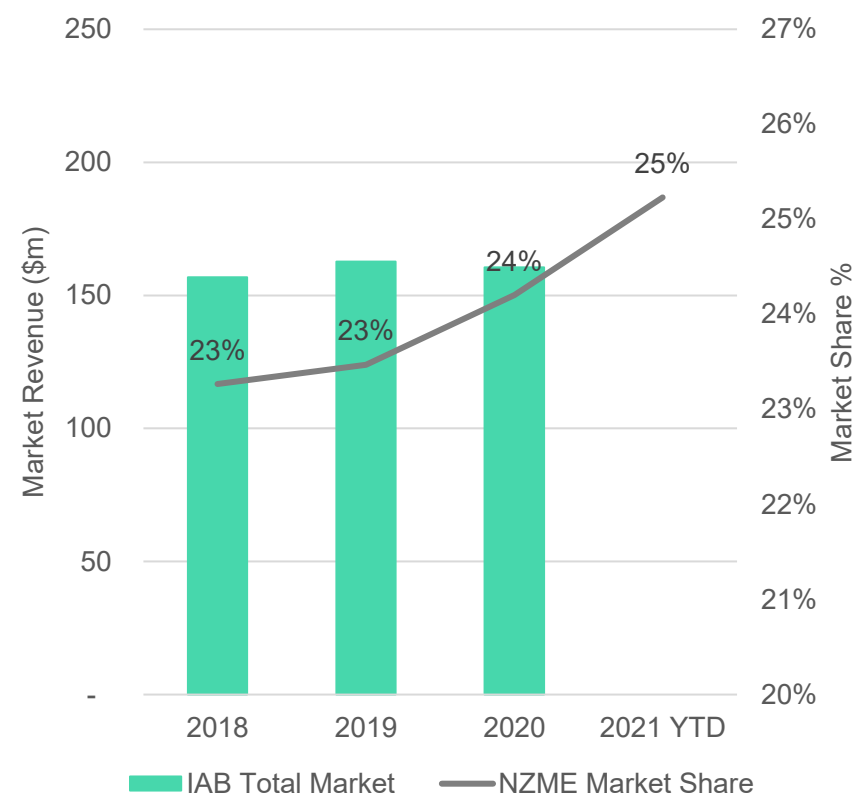
CAGR 2015–2020: -15%

# NZME revenue market share continues to grow

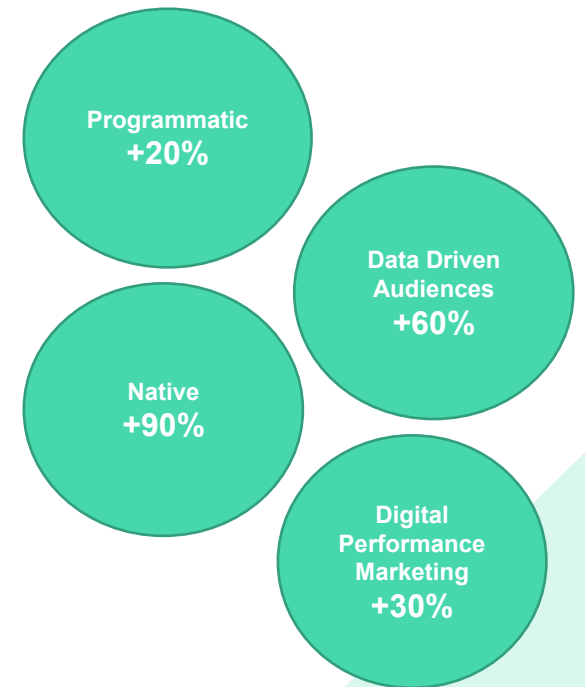
**Total Print Advertising Market Revenue and NZME Share %**



**Digital Display Advertising Market Revenue and NZME Share %**



**NZME products driving growth<sup>3</sup>**



# Brand safe and scalable destination for advertisers



**Leverage  
Audience Insights**

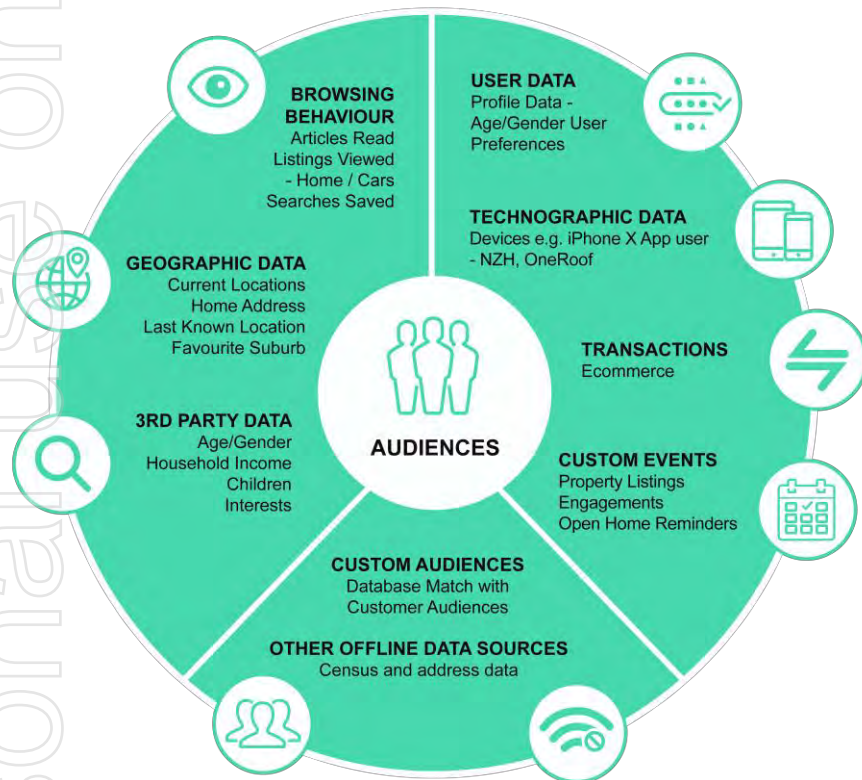


**Best Technology  
and Tools**



**Brand-Safe  
Monetisation**

# Build out customer data to create richer audience insights and sophisticated targeting solutions



## 2021 Delivery

- Contextual targeting
- Sentiment targeting
- You Tube audience extension
- Pinpoint Location (Landmarks ID)
- Data connectivity to enable reaching known, high value customers (Live Ramp)

## 2022+ Priorities

- Geo / demographic data segmentation
- Look a Like Modelling
- Intender Retargeting
- AI Driven Creative
- Customer Data Platform

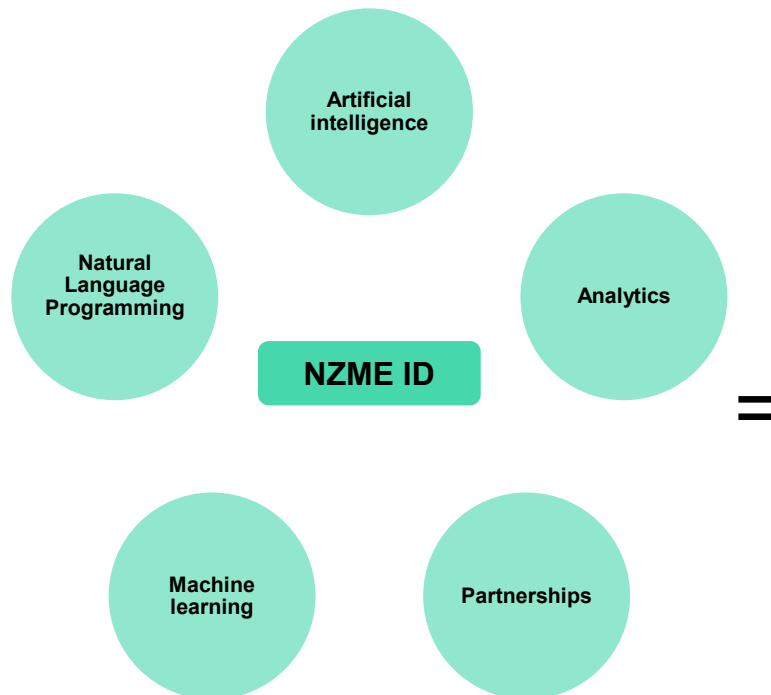
# NZME's capabilities deliver effective campaigns at scale

## Scale Audiences

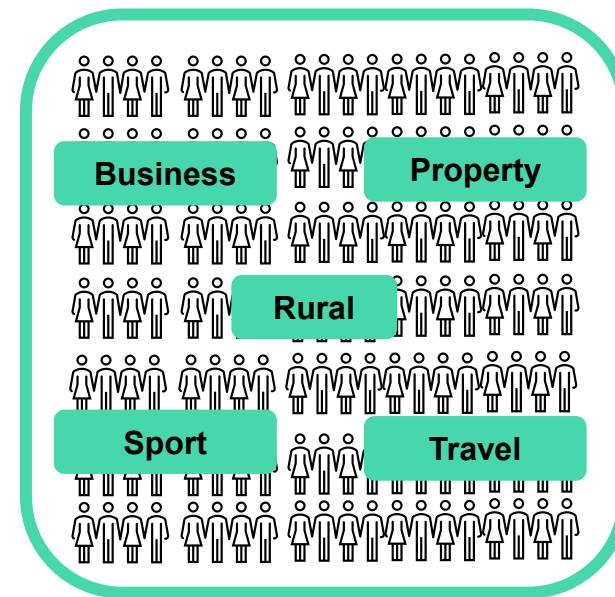


+

## 1<sup>st</sup> Party Data Capability



## Customer Segments



- Reach 50% of Kiwis
- 2.4M Kiwis each month<sup>1</sup>
- Verified and independently measured
- Multi platform, rich environments

- Growth of authenticated daily users
- 1M+ registered known users
- 1,000s of behaviour user data points
- Insight from diversity of data

- 800+ segments
- Advertisers can reach prospects at every stage, age and moment



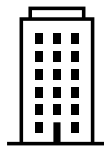
NZME's portfolio of audience data products will provide a premium alternative to global platforms for all size of advertisers



Small Businesses

### ***Simple, effective targeting***

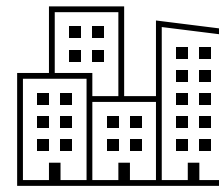
- Simple native performance solutions
- Segment and contextual targeting



Medium Businesses

### ***Custom audience segments***

- 1<sup>st</sup> party data driven personalized buying experiences
- Orchestrated omni channel journeys based on purchase intent signals
- Dynamic e-commerce product ads based on behaviour and propensity



Large Businesses

### ***Sophisticated pinpoint targeting***

- Enrich client data to target known prospects or exclude segments e.g. credit challenged
- Pinpoint location insights – frequency, dwell time, campaign footfall correlation
- Affinity targeting – based on engagement with different apps
- Dynamic creative optimisation to enhance campaign relevancy

# Self service proposition caters for the growing SME market and accelerated digital adoption

Digital adoption has taken a quantum leap at both the organizational and industry levels

*McKinsey & Co*

Global SME ad spend growing rapidly, with 37% of small businesses spend less than \$10,000 on advertising

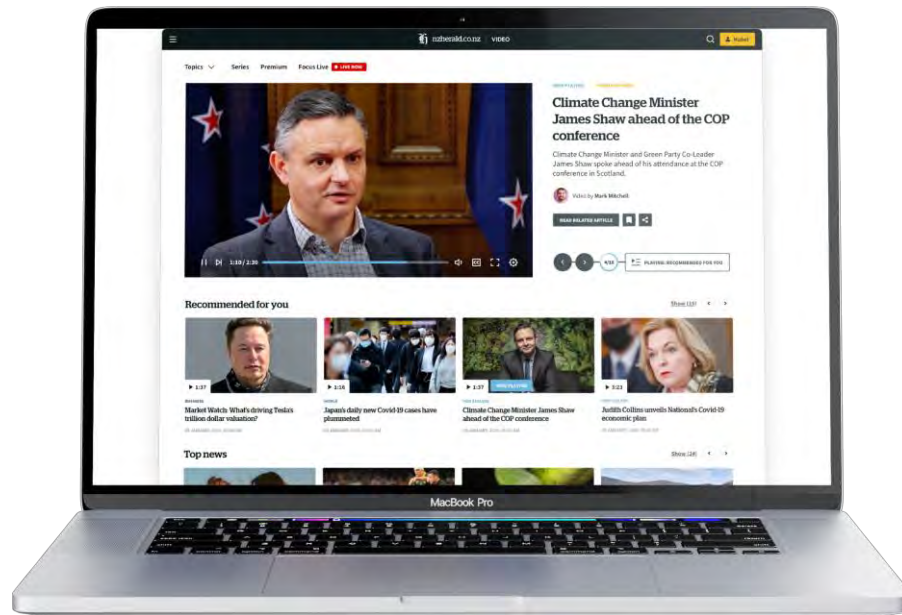
*Magna*

## NZME. | ADHUB

- Self service portal offering convenient 24/7 access to NZME digital products
- Best in class digital client experience – self service campaign booking, performance delivery reporting, billing and rebooking
- Launch with native performance products, scale to other NZME products in the future

Enhanced snackable video experience to take advantage of demand for brand safe video inventory

### NZH Video Destination



- Easy content discovery and navigation
- Content recommendations and playlists
- Video sub titles

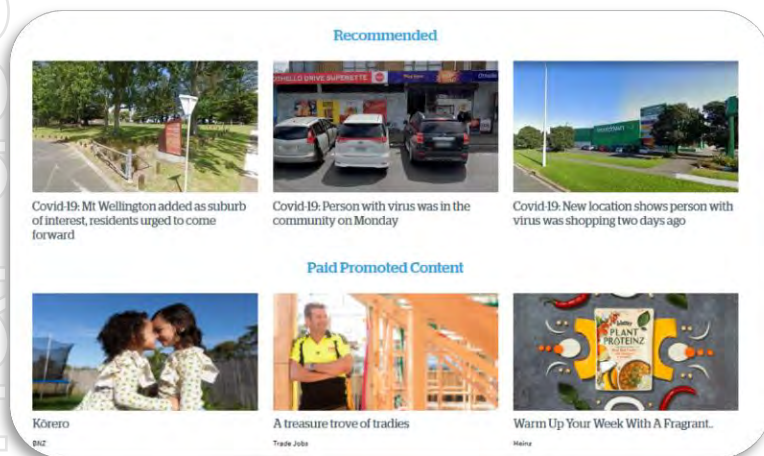
### NZH App Video Experience



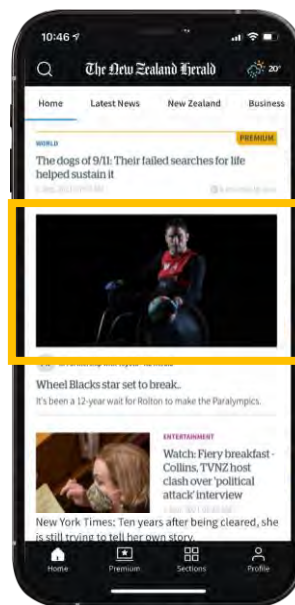
- Optimised app video experience
- Rich ad units to increase engagement
- Enhanced ad experience

# Expansion of brand safe ad products across all NZME environments

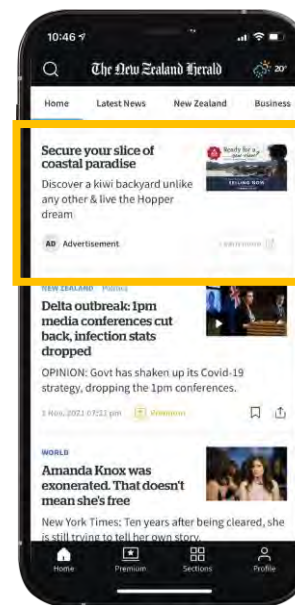
NZH built recommendation engine serving native ads based on browsing behaviour delivering 1B impressions per annum and doubling revenues



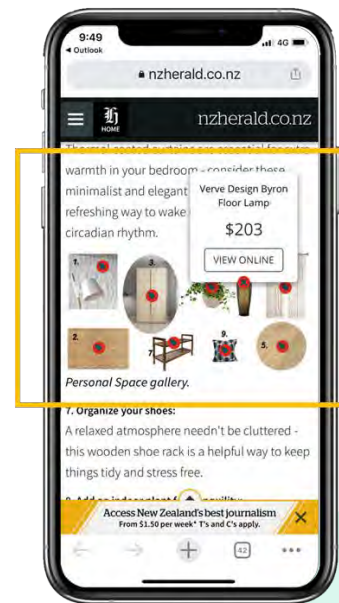
Native video creates a richer experience and engagement



Enhanced native placements have increased click through rate by 18%



Shoppable content and recipes delivering improved user experience and results



# The NZ Herald is New Zealand's Herald

There are three pillars to the Publishing Strategy:



## AUDIENCE

The #1 News brand for all New Zealanders



## SUBSCRIBERS

Subscriber first



## ADVERTISING

Be a safe, scalable destination for advertisers



## SIMPLIFICATION

Simplify and automate operating model



With the transition to a digital centric hybrid model, our business has got more complex - we will simplify to continue to evolve

## Simplification Vision

Review end to end operating model to enable investment that accelerates growth initiatives



Refresh  
product vision



Simplify and  
standardise  
products



Simplify and  
streamline  
end to end  
processes



Redeploy  
capacity to  
accelerate  
growth

# Strategic focus on driving conversion and increasing lifetime value is critical to driving revenue mix

Active (76%)

Engaged (18%)

High  
Value  
(7%)

## Goal

- Broadest audience reach and monetisation via advertising
- Build 1<sup>st</sup> party data and audience engagement via sticky registered experience
- Grow Premium subscriber customer base and CLV

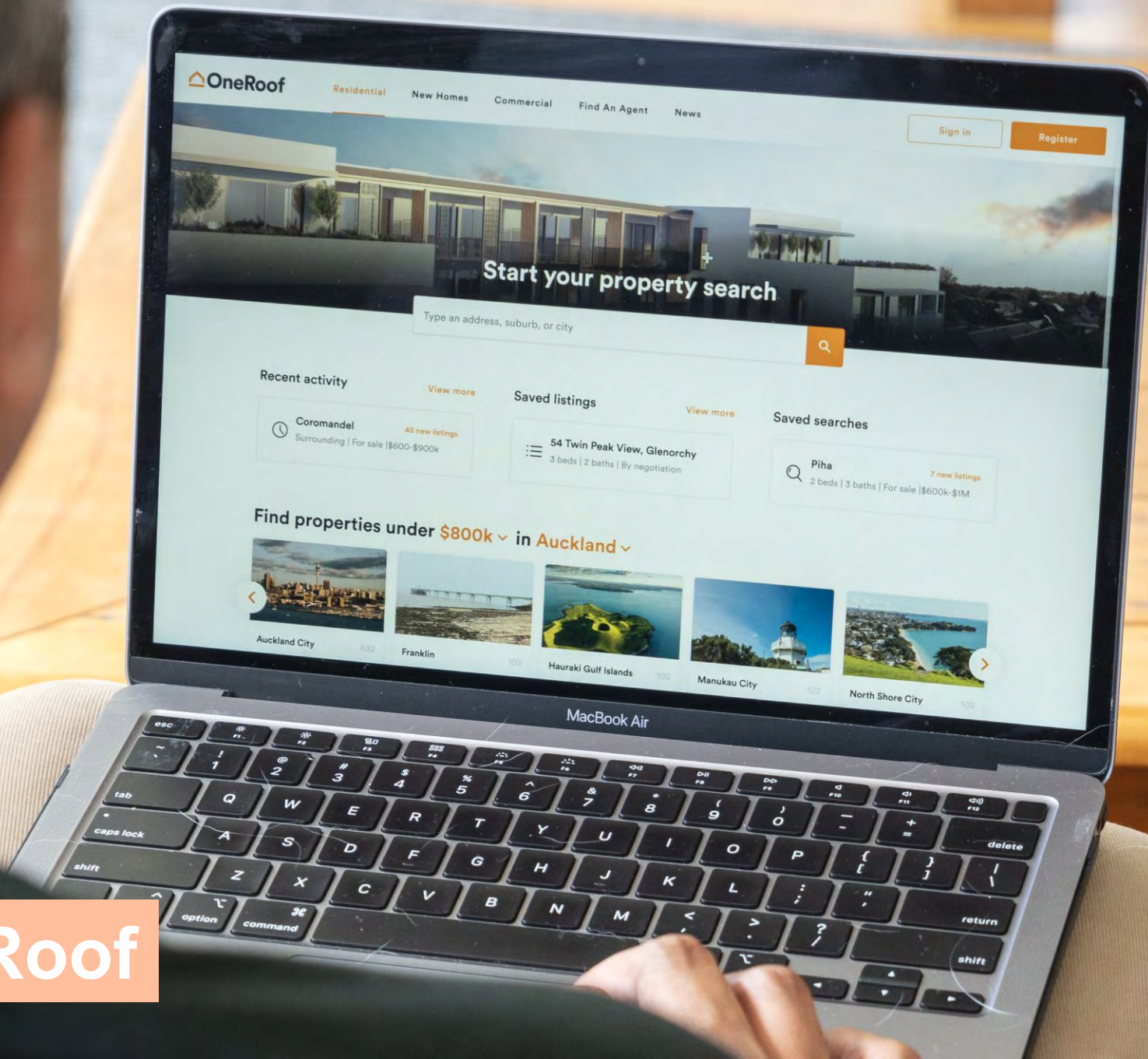
## Key Priorities

- Build NZH brand – owned, earned and paid
- High digital quality audience via social, SEO, SEM
- Increase penetration of key segments and regions
- Breaking news, trending stories content offering
- Increase engagement of casual users
- Optimised ad placements to drive monetisation
- Capture newsletter opt ins and deliver personalised content to drive engagement
- Create CVP for registered / logged in experience
- Build 1<sup>st</sup> party data – enhanced user experience and CPMs
- Audience segmentation and nurturing up engagement levels
- Distinctive end-to-end Premium subscriber CX
- Compelling CVP that delivers value and increased retention
- Premium content offering and new verticals to grow depth and bread of proposition
- Optimise funnel and audience management to drive subscriber growth
- Drive CLV through driving upsell of verticals

## Scorecard

Metric	FY 2020 Achievement	H1 2021	2023 Target
<b>Subscription Volume Target</b>	169,000 subscribers	177,545	More than 210,000 subscribers by 2023 year-end
<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%

## 6. OneRoof





## 6. OneRoof

Paul Maher

Chief of OneRoof





## Scorecard

Metric	FY 2020 Achievement	H1 2021	2023 Target
Residential Listings	89% <sup>1</sup>	89% <sup>1</sup>	100% of listings
Audience	#2, 460k, gap to #1 of 271k <sup>2</sup>	#2, 543k, gap to #1 of 281k <sup>2</sup>	Reduce gap to #1
Listings Upgrade %	10%	12%	50% of Auckland residential listings 22% of regional residential listings
Revenue	24% / 76%	33% / 67%	Digital > Print
EBITDA <sup>3</sup> Margin Target (pre NZ IFRS16)	9%	2%	15 - 25%



SOURCE: <sup>1</sup>OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz <sup>1\*</sup>as of 30 June 2021. <sup>2</sup>Nielsen Online Ratings, Dec 2020 - June 2021 (FY 20 has been amended to be the gap as of Dec 2020). <sup>3</sup>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).

# Real Estate is a key market

NZME's largest revenue vertical

In New Zealand there are<sup>1</sup>:

701,000  
INVESTORS

871,000  
FIRST HOME BUYERS

1,183,000  
RENOVATORS

138,000  
MOVERS

~\$150 million  
REAL ESTATE CLASSIFIEDS MARKET SIZE<sup>2</sup>

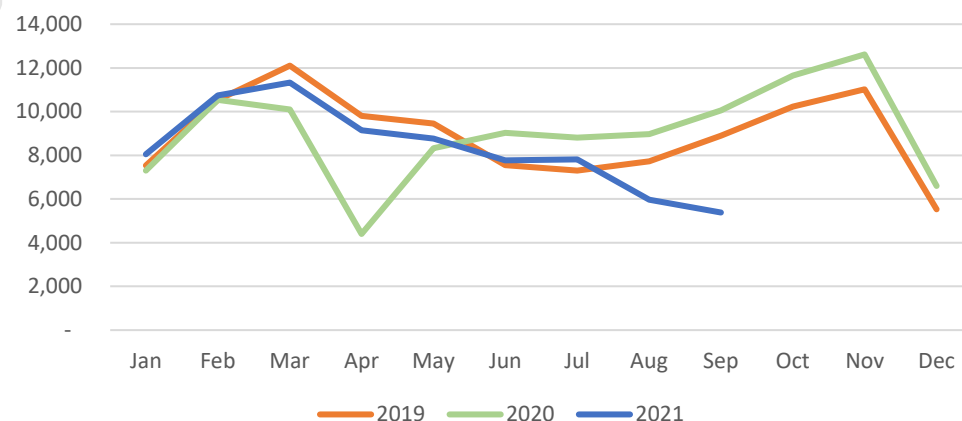
SOURCE: <sup>1</sup>Nielsen CMI Q3 20 - Q2 21 July 21 TV/Online Fused - NZME. Investors - Expect to buy/sell/build property next 12 months. FHB - age 25+ in paid employment and living in shared accommodation (with housemates, as a boarder, or with extended family/parents/siblings) or renting. Renovators - homeowners planning to renovate n12m. Movers (buy n12m) - plan to buy a property live in and are homeowners. <sup>2</sup>NZME estimate based on 2019.



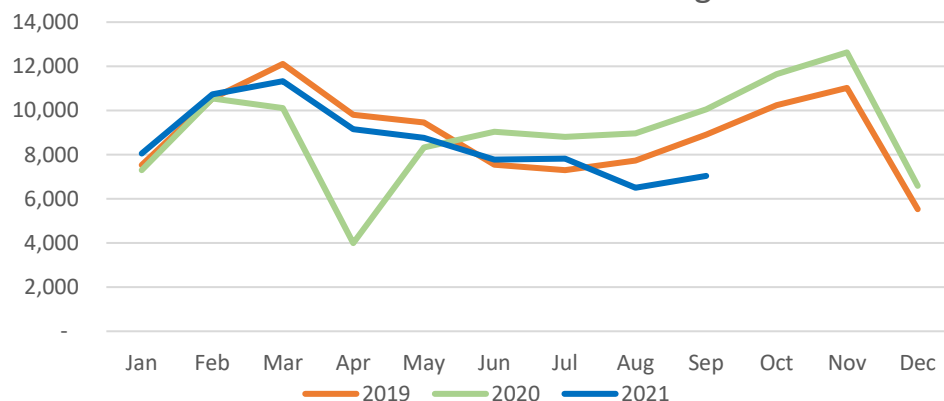
# Market significantly impacted by Covid-19

Significant demand, with limited inventory, resulting in lower advertising spend

National Residential Sales Volume<sup>1</sup>



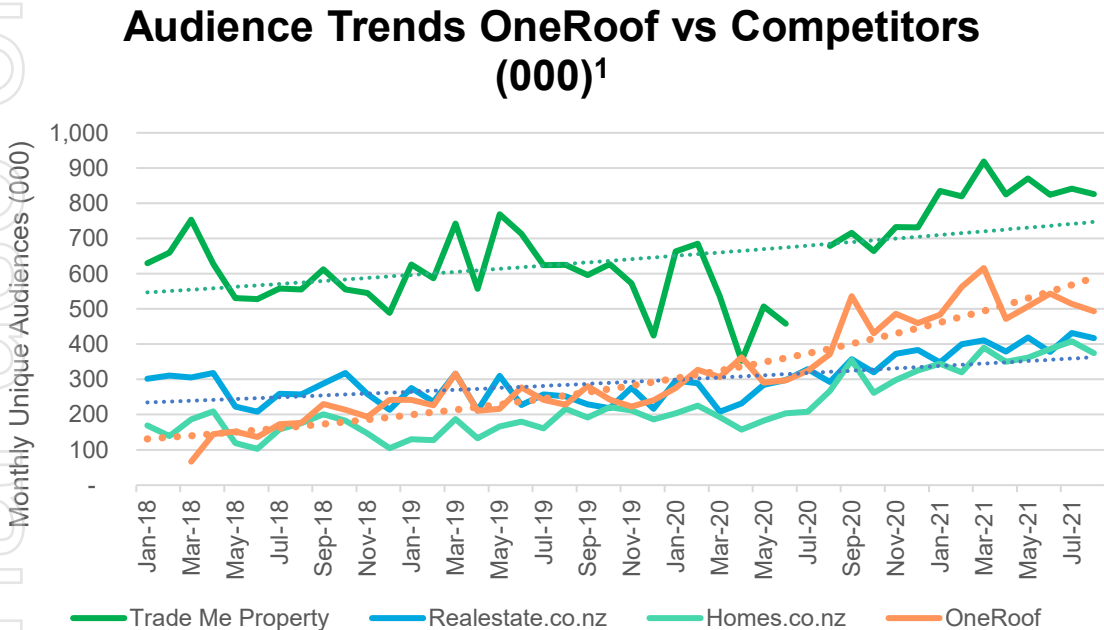
National Residential New Listings<sup>1</sup>



- Significant demand saw national residential sales volume start strongly in 2021 but has been impacted by Covid-19 in August and September
- New listings have tracked behind 2019 and 2020 and are down 11% and 23% in Q3 respectively
- Property prices have continued to increase (up ~25% year on year)
- Average number of days to sell have reduced by 7 days (19%) January to September

OneRoof has continued its strong audience growth

OneRoof continues to grow brand equity and direct audience



Average  
 YOY  
 Audience  
 growth  
 (Jan-Aug)  
**+64%**

Gap Vs  
 RE.co.nz  
 (Average  
 Jan-Aug)  
**+32%**

NZ Herald  
 referral  
 reduced to  
**27% from  
 30% LY**

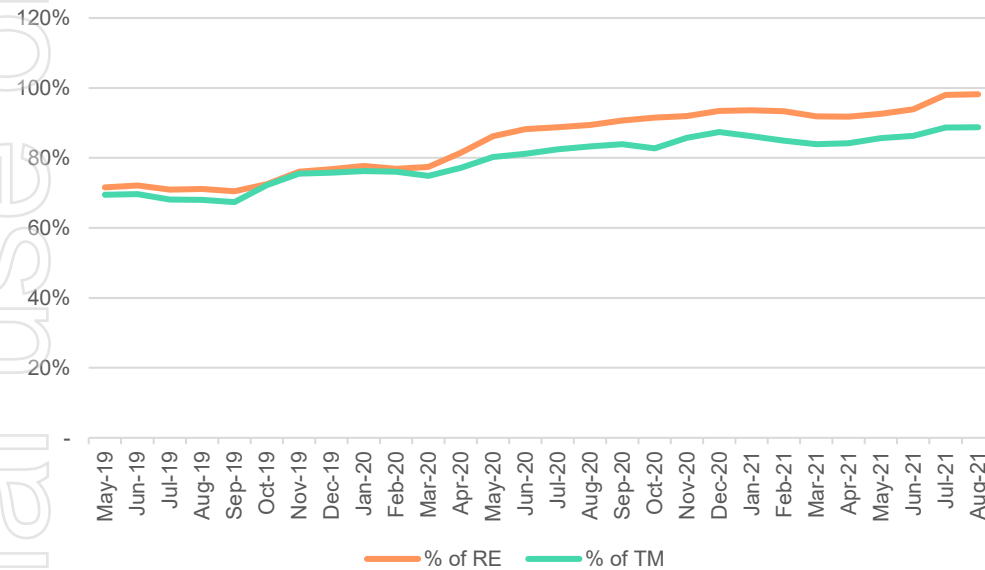
Other Key Metrics:	
Registered Users	490K +71% YTD
App Downloads	250K +25%YTD



# OneRoof listings penetration continues to increase

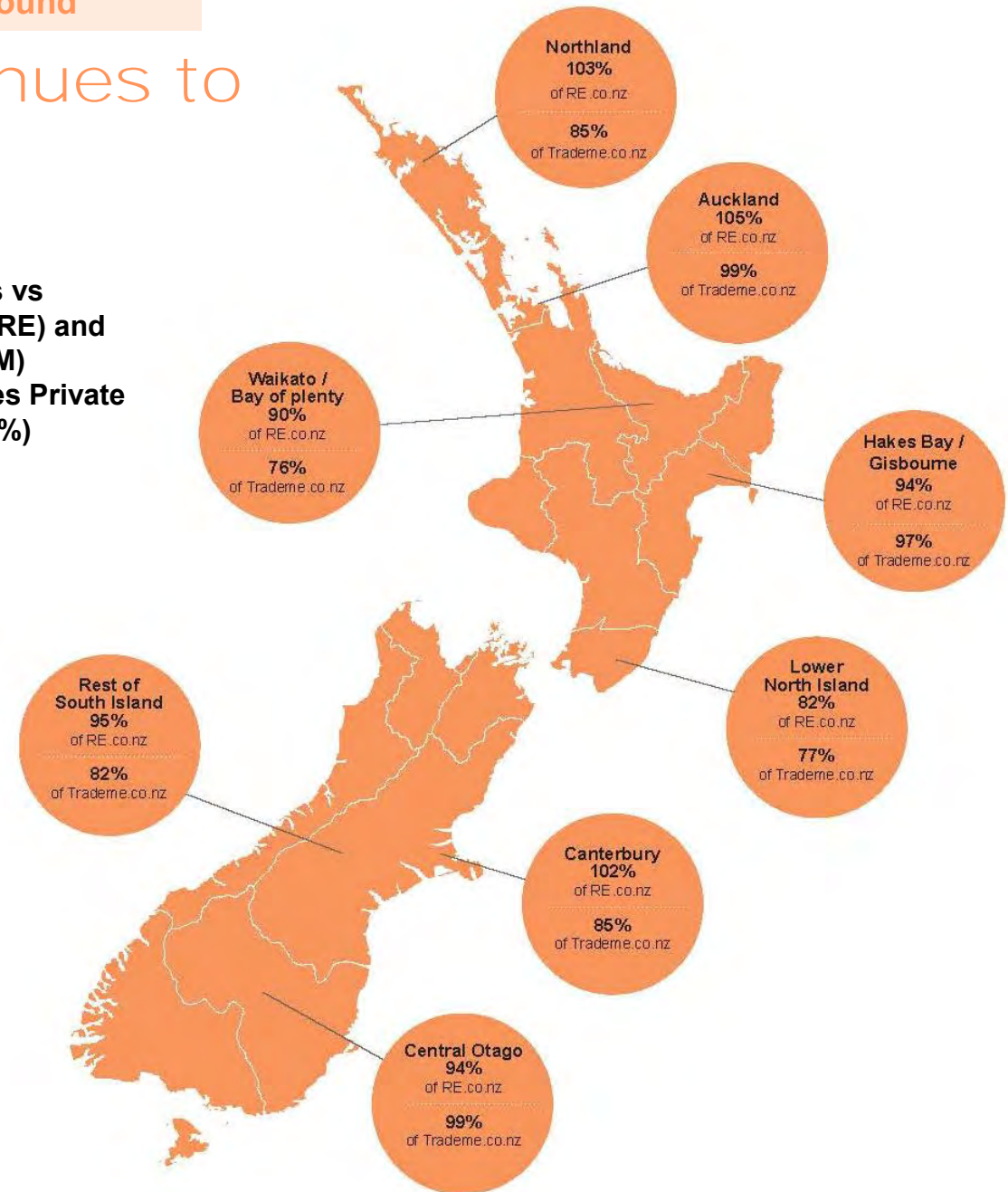
Strong growth nationally

**National Listing Penetration Vs RE and TM<sup>1</sup>**



*Note: TM includes Private listings – assumed to be ~5%  
Excluding Private listings we estimate OneRoof to be ~94%*

**OneRoof Listings vs realestate.co.nz (RE) and trademe.co.nz (TM)**  
(Note: TM includes Private at an estimated 5%)

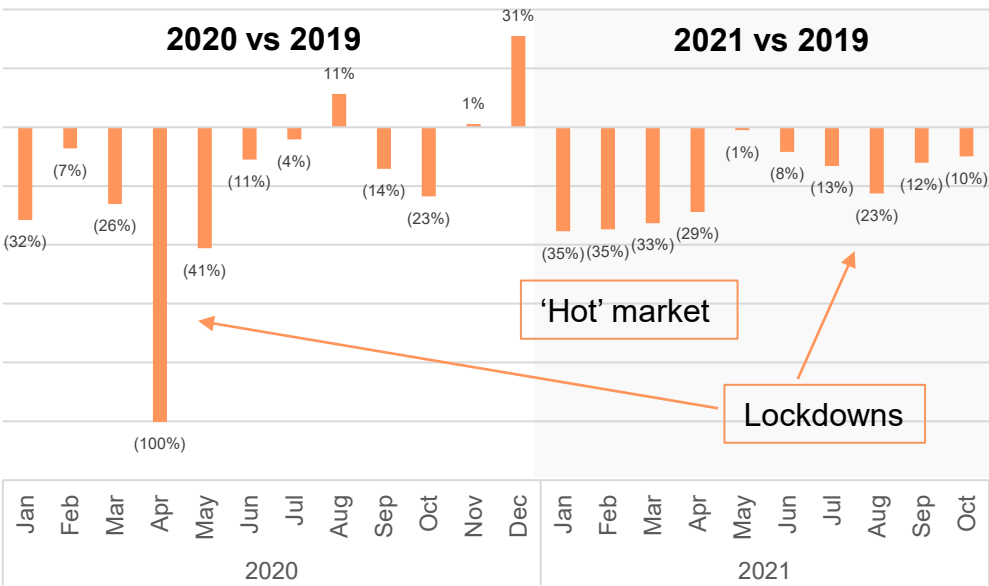




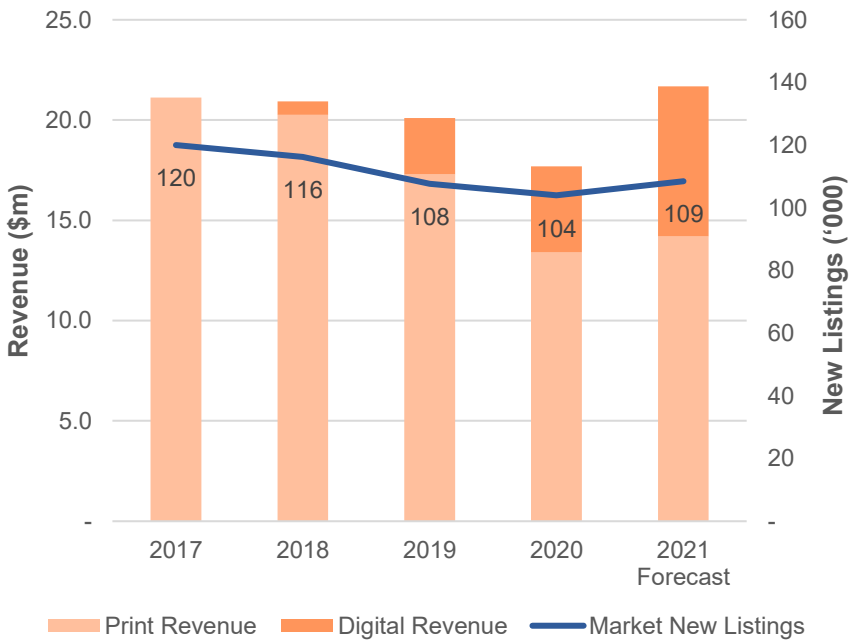
OneRoof revenue grows to pre-17 levels – despite abnormal market impacts

Print revenue significantly impacted by COVID-19. Digital revenue growth is offsetting the reductions in Print revenue

OneRoof Print Monthly Revenue Growth



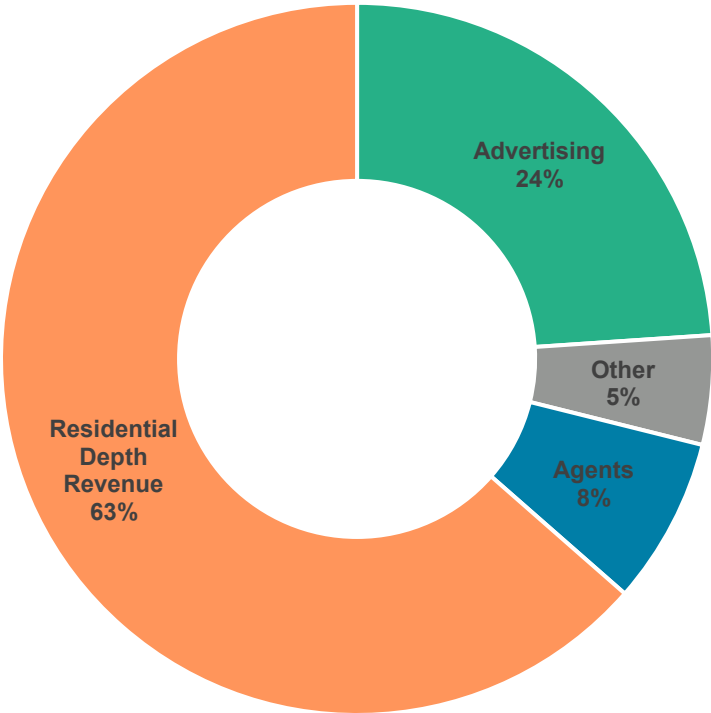
OneRoof Real Estate Revenue Mix and New Listings



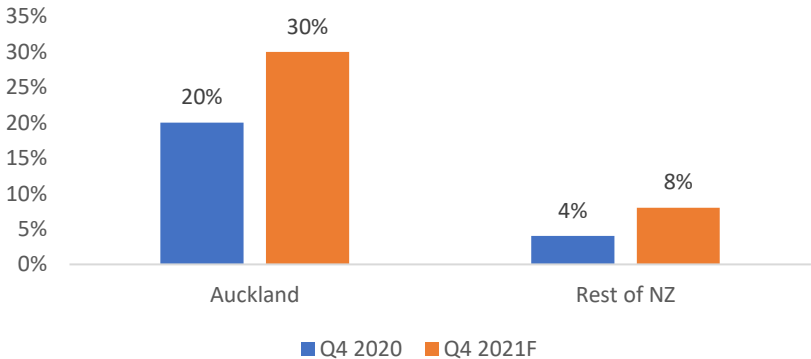
# OneRoof.co.nz revenue is driven by diversified revenue streams

Strong growth of depth products – acceleration across rest of New Zealand remains an opportunity

OneRoof.co.nz Revenue Mix (digital only)



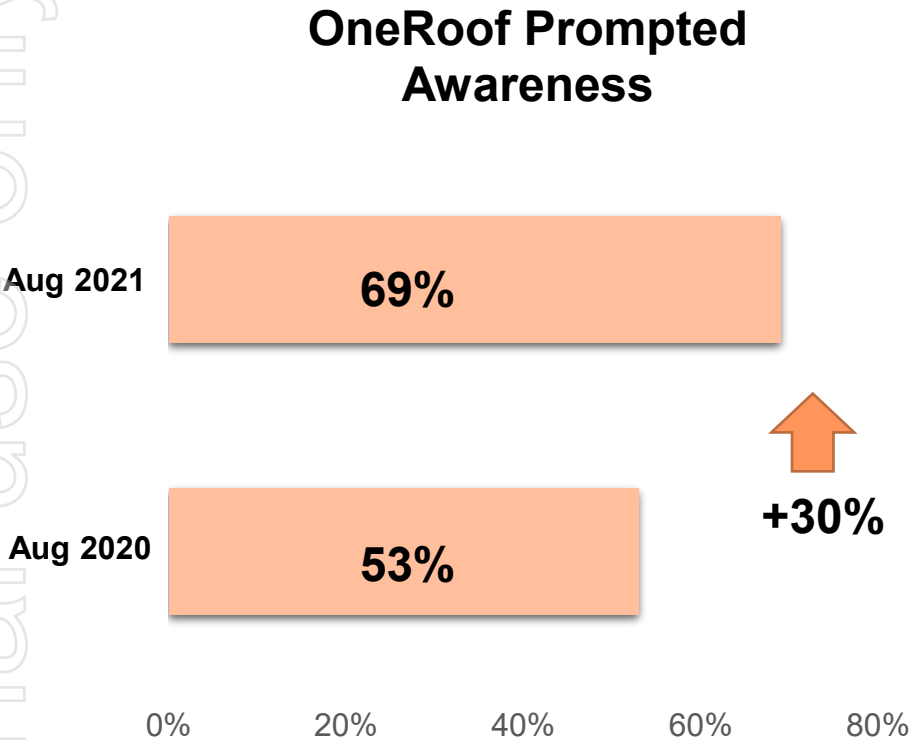
Depth Product Penetration



# Brand Equity Growing Significantly<sup>1</sup>

Important to continue investing in building position

Personal use only



Year on Year Brand Movements (Aug 21 Vs Aug 20)		
Unprompted Awareness	↑	+55%
Preferred Real Estate Website	↑	+100%

Key Brand Attributes Movements (Aug 21 Vs May 21) <sup>1*</sup>		
Has all the listings	↑	+62%
Best place to buy / sell	↑	+84%
Easiest to use	↑	+84%
Most accurate Valuations	#1	+51%

128SOURCE: <sup>1</sup>ConsumerLink Omnijet 11-18 August 2021. <sup>1\*</sup>Key attribute question not asked in August 2020 survey (comparison is between May 21 and August 21).



# OneRoof – Your Complete Property Destination



## Your complete property destination

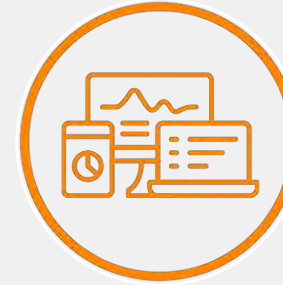
**There are three pillars to the OneRoof Strategy:**



**Strengthen Core  
Residential Listings  
Business**



**Be indispensable to  
Agents**



**Expand the Portfolio**



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# Strengthen Core Residential Listings Business



1

Increase brand salience nationally

2

Leverage OneRoof strength across the real estate funnel

3

Accelerate depth product conversion

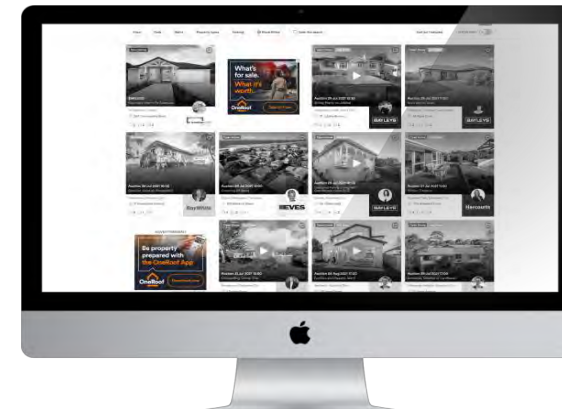
# Increase Brand Salience Nationally and in Local Markets

## Continue Building the OneRoof Brand

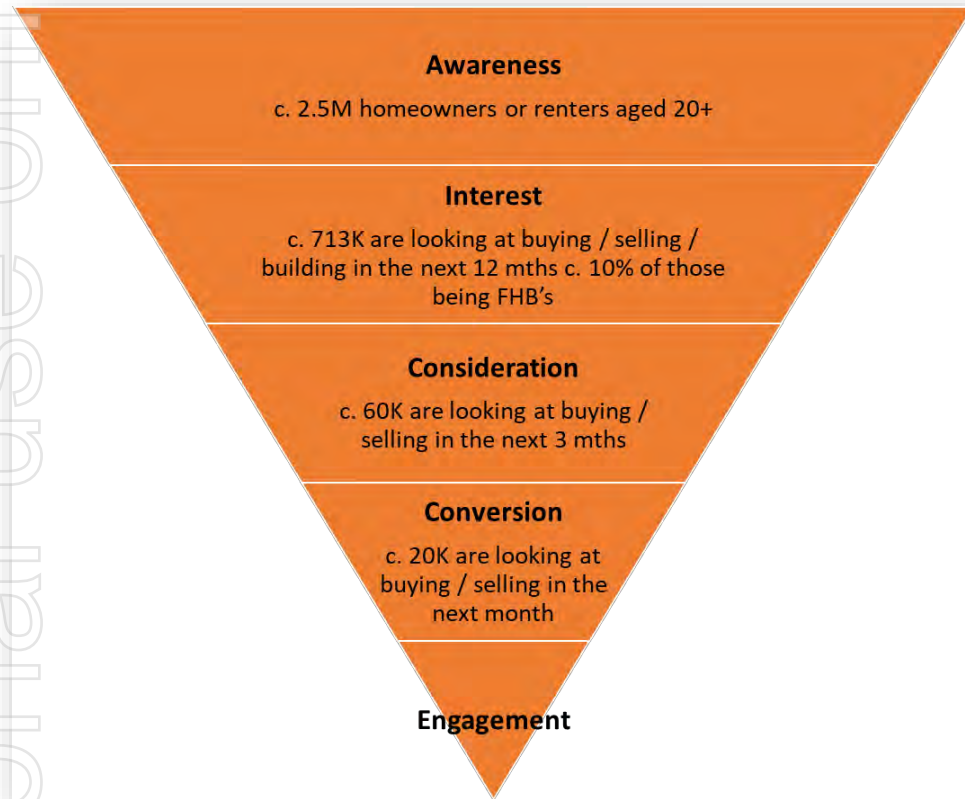
- Targeting both Vendors and Agents
- Grow organic audiences across digital channels

## Maintain investment in Brand Advertising

- Leverage NZME local media assets to increase OneRoof relevance nationally
- Regionally targeted communication
- Local personalities as brand advocates
- Sponsorship of local events
- Strengthened marketing capability



OneRoof is the only portal that connects with consumers across the Real estate funnel



### Point of **Differentiation**

OneRoof engages through the real estate cycle

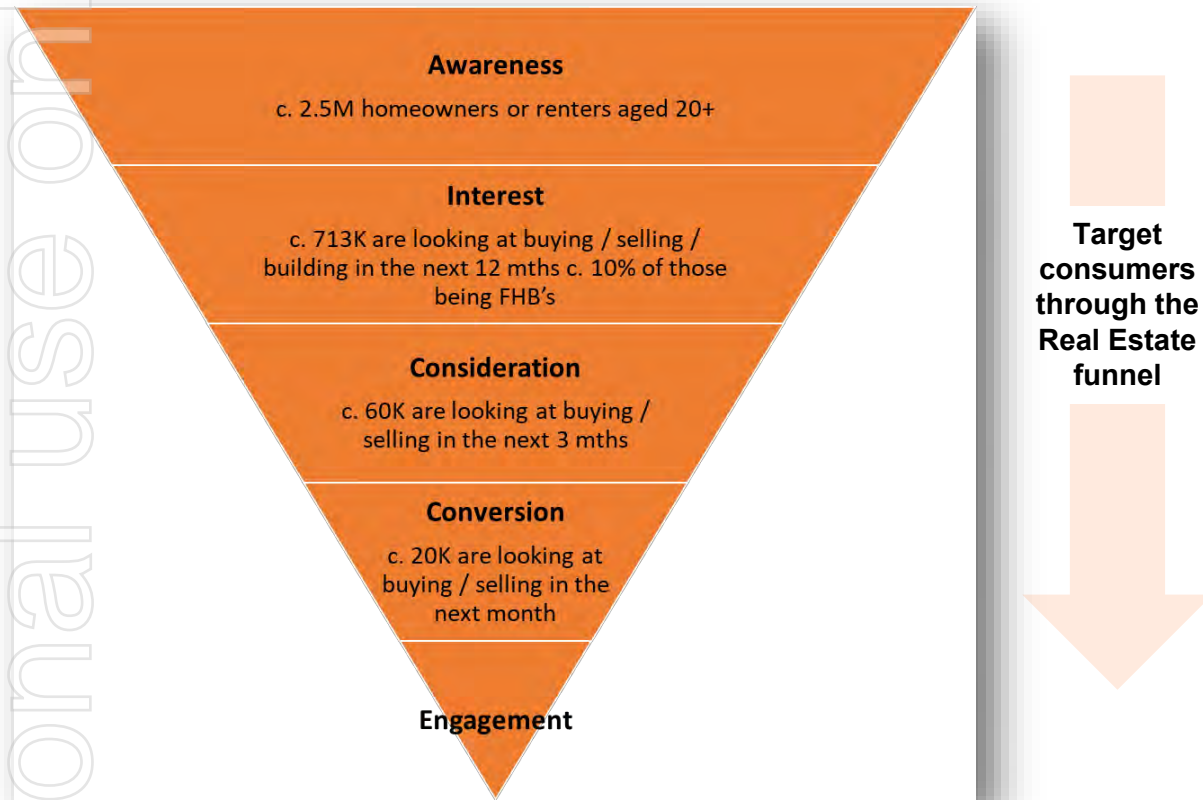
Content a key driver of differentiation for consumers and vendors - allows early engagement

Delivers conversion of passive to active consumers

OneRoof is #1 for valuations<sup>1</sup> – critical when researching

## Target, engage and convert consumers through the real estate funnel

Personal use only



Enhance capability to drive **improved organic search**

Leverage data to **increase Personalisation** on site:

- Listing and content served based on segmentation, real and inferred behaviour

Target **content relevant to real estate consumer's journey**

Invest in **best-in-class talent** in data, customer acquisition / conversion and search engine optimisation.



## Accelerate depth product conversion

**Continue to deliver a suite of products that deliver market leading value to customers:**

- Across the real estate funnel (Passive – Active)
- Across our multi-media platforms (Print / On-line / Radio)

**Bespoke Bundled Media and Pricing Solutions:**

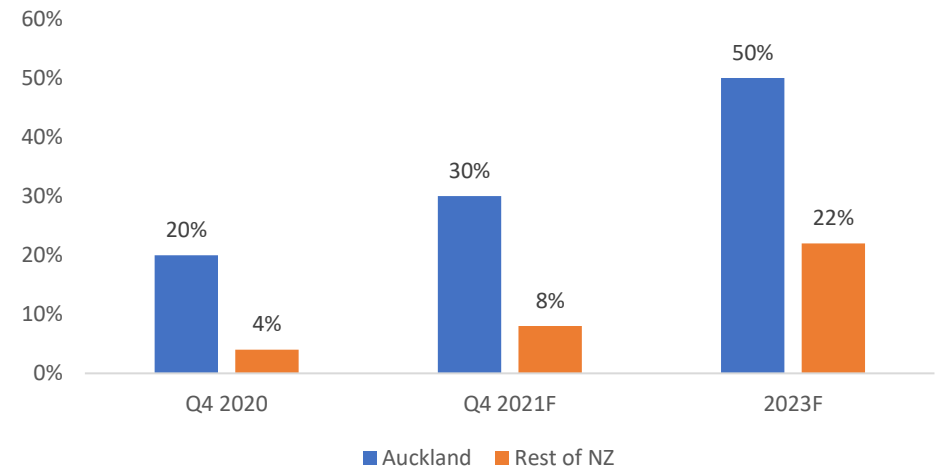
- by customer and region

**Launch new depth products (Boost 2.0) <sup>1</sup>**

- Leveraging NZME first party data
- Increase reach and deliver more targeted and contextual listing solutions

Increased resources outside of Auckland

Depth Product Penetration Forecast to FY23



NOTE: <sup>1</sup>Boost is OneRoof's highest value depth upgrade, layering OneRoof first party data on top of standard Social and Google targeting to reach a highly qualified audience specific to every property.

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ersonal use only

# Be indispensable to Agents



1

Deliver data led and audience aligned products to build agents brands and drive appraisals

2

Leverage unique strength of our content and consumer engagement to build agent brand

3

Develop hyper-local agent products

# Deliver data led and audience aligned products to build agents brands and drive appraisals

## NOW

Agent profile and testimonials delivered to highly targeted prospects based on the fusion of OneRoof / NZME first party data and our proprietary real estate audience segments.

## NEXT

Introduce direct real-time consumer feedback and recommendation engine.  
Integration into OneRoof marketing automation suite.  
Development of attribution modelling

First Party Data



Proprietary Segmentation  
12 Unique Audiences



# Leverage unique strength of our content and consumer engagement to build agent brands

## NOW

- Leverage sponsorship and integration across our platforms to deliver unique branding opportunities.
- Agent interviews as a driver of brand value and listing leads
- Quarterly property report, live panels and native content as a key resource for agents and brands.

## NEXT

- Deeper content and data opportunities across the real estate journey to align with agent portfolio / geography.
- Regional content strategy (including some third party partnerships) to extend reach and relevance of content.
- Proprietary research on the value of OneRoof media assets on building agent brands.





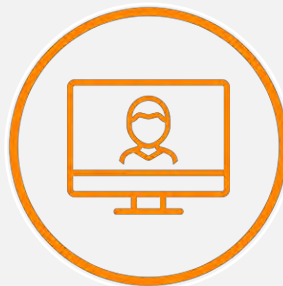
**NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT**

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# Expand the Portfolio

1

## Extend Listing Verticals

- Retirement
- New Build
- Rural
- Commercial

2

## Create pathway for development of consumer services



# Extend Listings Verticals



## Retirement

- Limited offerings currently in growing market
- Increasing demand for retirement units (estimate of ~790K over 75 years by 2043<sup>1</sup>)
- Opportunity to create category



## New Build

- Growing vertical (increasing consents / new builds)
- NZME has customer relationships across OneRoof and Commercial sales
- Opportunity to leverage data and content capabilities



## Rural

- OneRoof has compelling rural listings proposition vs competitors
- Opportunity to differentiate through content and leveraging NZME rural media assets
- Data opportunity for both agents and consumers



## Commercial

- OneRoof has unique position across print and digital media
- Opportunity to strengthen digital users through stronger customer acquisition and NZH / Masthead referral

## Create “Pathway” for future consumer services

### Learning from International Portals

- Significant investment in consumer services in Australia and US markets
- Mortgages and Insurance prioritised
- Revenue remains relatively low but high margin opportunity

### NOW

Continue to engage market for advertising partners across key sectors

- Low development investment – media play only
- Highest returns in the short term

### FUTURE

More to shared ownership / revenue model

- Partnership / JV with consumer product supplier(e.g. Mortgage Broker / Bank)
- Development of OneRoof owned consumer services (white label)



Mortgages



Insurance



Utilities

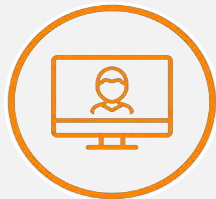


# Summary of OneRoof Strategy



## Strengthen Core Residential Listings Business

- Increase Brand Salience
- Improve Organic Search
- Target Consumers through Purchase cycle
- Increased Personalization
- Targeted Pricing Bundles
- Launch New Depth Products



## Be indispensable to Agents

- Data & Ratings Led Appraisal Products
- Brand building content products
- Hyper-local agent toolkit



## Expand the Portfolio

- Extend Listing Verticals
  - Retirement
  - New Build
  - Rural
  - Commercial
- Pathway For Consumer Services

## Scorecard

Metric	FY 2020 Achievement	H1 2021	2023 Target
Residential Listings	89% <sup>1</sup>	89% <sup>1</sup>	100% of listings
Audience	#2, 460k, gap to #1 of 271k <sup>2</sup>	#2, 543k, gap to #1 of 281k <sup>2</sup>	Reduce gap to #1
Listings Upgrade %	10%	12%	50% of Auckland residential listings 22% of regional residential listings
Revenue	24% / 76%	33% / 67%	Digital > Print
EBITDA <sup>3</sup> Margin Target (pre NZ IFRS16)	9%	2%	15 - 25%



SOURCE: <sup>1</sup>OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz <sup>1\*</sup>as of 30 June 2021. <sup>2</sup>Nielsen Online Ratings, Dec 2020 - June 2021 (FY 20 has been amended to be the gap as of Dec 2020). <sup>3</sup>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).

## 7. Summary

**Michael Boggs**  
**Chief Executive Officer**



# 2023 Strategic Priorities



## 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



## New Zealand's Herald

The #1 News brand for all New Zealanders

Subscriber first

Be a safe, scalable destination for advertisers



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## Strong Investment Case to Deliver Shareholder Value

- A market leader in media and entertainment
- A well-advanced digital transformation
- Clear strategic goals with value adding outcomes
- An experienced board and executive team
- Strong cashflows and capital management position



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A leading integrated media company

