



NZME. NEW ZEALAND
MEDIA AND
ENTERTAINMENT

**NZME ANNUAL
SHAREHOLDERS'
MEETING** KEEPING KIWIS
IN THE KNOW

16 April 2021



WELCOME

BARBARA CHAPMAN

INDEPENDENT CHAIRMAN

AGENDA

Chairman's Address: Building Shareholder Value

CEO's Address: Delivering on our Strategy

Ordinary Resolutions

1 Re-election of Director – Carol Campbell

2 Re-election of Director – David Gibson

3 Election of Director – Guy Horrocks

4 Auditor's Remuneration

General Business and Shareholder Discussion





BARBARA CHAPMAN

INDEPENDENT CHAIRMAN

Chairman's Address: Building Shareholder Value

- 1** 2023 Guiding Principles
- 2** 2023 Strategy
- 3** Strong Capital Management
- 4** Dividend Policy
- 5** Strengthening the Board
- 6** Growing Shareholder Engagement
- 7** Sustainability Commitment

2023 STRATEGY - GUIDING PRINCIPLES



1 Customer First



2 Win with Quality



3 Digital Acceleration



4 Audience Expansion



5 Top Performer

2023 STRATEGIC PRIORITIES



**NEW ZEALAND'S
LEADING AUDIO
COMPANY**



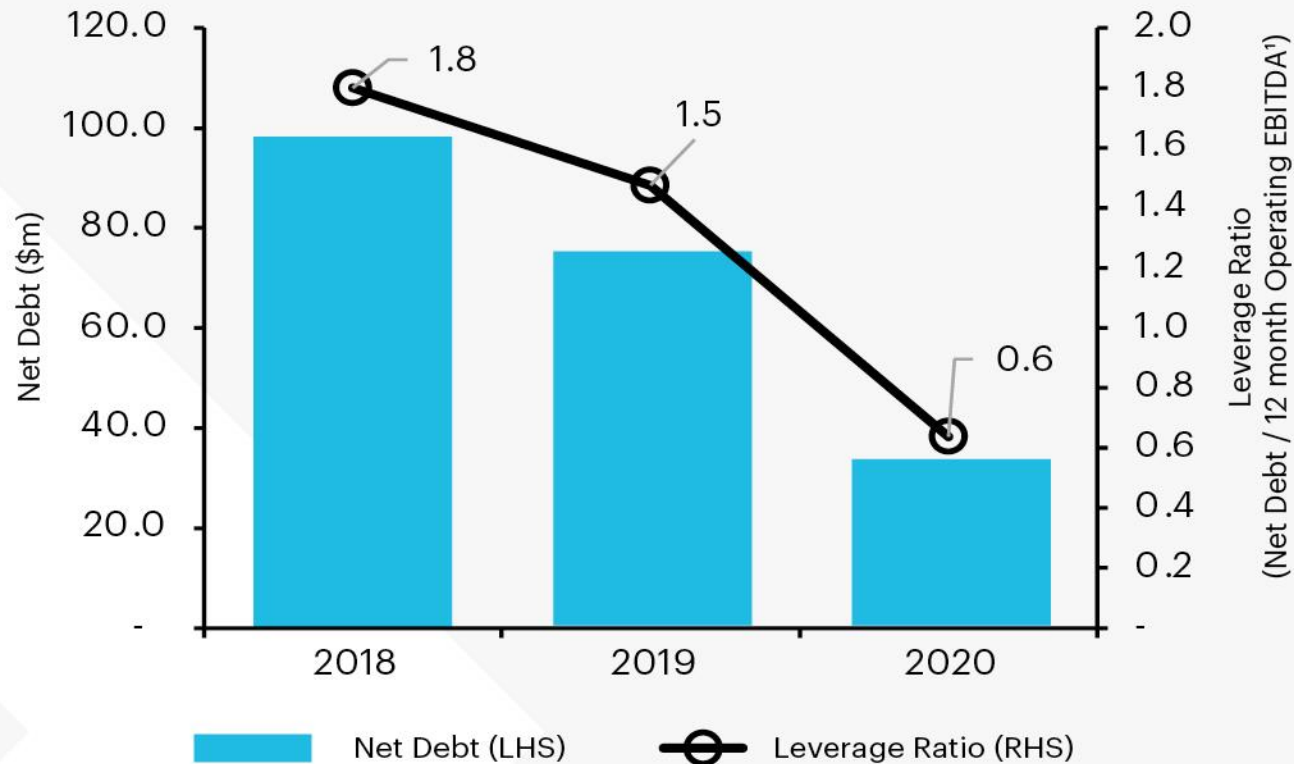
**NEW ZEALAND'S
HERALD**



**YOUR COMPLETE
PROPERTY
DESTINATION**

STRONG CAPITAL MANAGEMENT

NET DEBT



- Target Leverage Ratio of 0.5 to 1.0 times rolling 12 month EBITDA¹(pre NZ IFRS 16).
- Our strategy does not require significant future investment.
- However, if an appropriate acquisition was identified that would accelerate growth and add shareholder value the Board would consider it.

1. Operating results presented and used in these calculations exclude the impact of NZ IFRS 16 and exclude exceptional items. Operating and statutory results include \$8.6 million (net) of Covid-19 government wage subsidy received in H1 2020.

Dividend Policy

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/

- Given achievement of the targeted financial performance, the leverage ratio is likely to be lower than the target range
- With that in mind, in the absence of any compelling investment opportunities, we will consider and discuss with our bankers the opportunity to adjust potential constraints and allow excess cash to be returned to shareholders

STRENGTHENING THE BOARD



Barbara Chapman
Independent Chairman



Carol Campbell
Independent Director



David Gibson
Independent Director



Guy Horrocks
Independent Director



Sussan Turner
Independent Director



GROWING SHAREHOLDER ENGAGEMENT

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.



BARBARA CHAPMAN

INDEPENDENT CHAIRMAN

A portrait of Michael Boggs, a middle-aged man with short dark hair and a grey goatee, smiling. He is wearing a light blue collared shirt and a grey patterned suit jacket. The background is a blurred indoor setting with warm lights.

MICHAEL BOGGS

CHIEF EXECUTIVE OFFICER

AN AUDIENCE AND CUSTOMER CENTRIC MULTI-CHANNEL MEDIA BUSINESS

AS REPORTED AT DEC 2020



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.

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. 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 NPAT¹

2019 (\$165.2)m

▲ 109%

\$22.0m

Operating NPAT¹

2019 \$17.3 m

▲ 27%

11.1cps

Operating EPS¹

2019 8.8cps

▲ 26%

\$33.8m

Net Debt

Reduced by \$40.9m

2023 STRATEGIC PRIORITIES



**NEW ZEALAND'S
LEADING AUDIO
COMPANY**



**NEW ZEALAND'S
HERALD**



**YOUR COMPLETE
PROPERTY
DESTINATION**

AUDIO

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



2020 ACHIEVEMENT	2023 TARGET
SHARE OF TOTAL AUDIENCE	
35.6% ¹	>1% share point growth per annum
RADIO REVENUE SHARE	
40.4% ²	>1% share point growth per annum
DIGITAL AUDIO REVENUE AS A % OF TOTAL AUDIO REVENUE	
2.4%	5%
EBITDA³ MARGIN TARGET (PRE IFRS16)	
14%	15-17%

Ongoing revenue market share growth is currently delivering on our annual growth target.

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: Earnings Before Interest, Taxes, Depreciation and Amortization

PUBLISHING



NEW ZEALAND'S HERALD

The #1 News brand for all New Zealanders

Subscriber first

Be a safe, scalable destination for advertisers



2020 ACHIEVEMENT	2023 TARGET
SUBSCRIPTION VOLUME TARGET	
169,000 Subscribers	210,000 Subscribers
SUBSCRIPTION VOLUME MIX	
32% Digital 18% Print	Digital > Print
% HOUSEHOLDS SUBSCRIBING	
9% ¹	>12%
ADVERTISING REVENUE MIX	
42% Digital	>45% Digital
EBITDA² MARGIN TARGET (PRE IFRS16)	
20%	19-20%

Strong growth in NZ Herald Premium with over 110,000 subscribers accessing the service, including over 60,000 paying digital subscribers

1. Stats.govt.nz Dwelling and household estimates: December 2020 quarter.
2. EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

ONEROOF



YOUR COMPLETE PROPERTY DESTINATION

Strengthen core residential listings business

Be indispensable to agents

Expand the portfolio



2020 ACHIEVEMENT	2023 TARGET
RESIDENTIAL LISTINGS (SHARE OF MARKET)	
89% ¹	100%
AUDIENCE GAP TO #1	
#2 at 460k, average gap to #1 of 188k ²	<200k
LISTINGS UPGRADE %	
10%	50%
REVENUE	
24% Digital 76% Print	Digital > Print
EBITDA³ MARGIN TARGET (PRE IFRS16)	
9%	15-25%

OneRoof Digital platform has achieved year on year revenue growth of over 95% for the first quarter of 2021

1. OneRoof's listings as a percentage of residential for-sale real estate listings on trademe.co.nz.
2. Nielsen Online Ratings, December 2020 items.
3. EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

THE NZME EXECUTIVE TEAM

A Michael Boggs
Chief Executive Officer

B David Mackrell
Chief Financial Officer

C Paul Maher
Chief of OneRoof

D Katie Mills
Chief Marketing Officer

E Wendy Palmer
Chief Radio and
Commercial Officer

F Matthew Wilson
Chief Operations Officer

G Allison Whitney
General Counsel and
Company Secretary

H Laura Maxwell
Chief Digital Officer

I Paul Hancox
Chief Revenue Officer

J Shayne Currie
Managing Editor



Multinational Digital Media Platforms

- Large multinational digital media platforms must fairly compensate New Zealand based news media for the content they currently access for free and then monetise.
- However, meaningful engagement is usually only experienced when governments signal an intent to impose change through regulation or even, as in Australia's case, legislation.
- Minister Kris Faafoi has publicly encouraged global digital platforms to begin meaningful discussions with companies such as NZME.
- We look forward to working on this issue with all parties in New Zealand including Google, Facebook, the New Zealand Government and our fellow news media industry players.

2021 Trading Update

- There was a solid improvement in advertiser spend at the end of last year with a tangible lift in business confidence.
- The global economic reality remains one of some uncertainty, with the ongoing effects of Covid-19 impacting market dynamics, and business confidence has been variable in recent months.
- After a strong finish to 2020, trading in the first quarter of 2021 made a slower start, with real estate requiring less marketing and a number of international travel providers only recently re-commencing advertising.
- Despite these challenges, pleasingly, March 2021 delivered advertising revenues on par to those achieved in March 2019. Our focus remains on being able to deliver this performance on a consistent basis during the year.
- Based on continued recovery of revenue and the permanent cost reductions made during 2020, we continue to expect profit growth for 2021.
- The process to divest GrabOne is well advanced with ongoing interest from potential purchasers.
- Net debt is expected to continue to reduce and based on this outlook and NZME's capital requirements, the Board continues to expect to pay an interim dividend for 2021, in the second half of the year.

A portrait of Michael Boggs, a middle-aged man with a goatee, smiling. He is wearing a grey suit jacket over a light blue shirt. The background is a blurred crowd of people at an event, with bokeh lights in shades of blue, red, and white.

MICHAEL BOGGS

CHIEF EXECUTIVE OFFICER



ORDINARY RESOLUTIONS

A portrait of Carol Campbell, a woman with short brown hair, smiling. She is wearing a white and black plaid patterned top and a gold necklace. The background is a blurred indoor setting with warm lights.

ORDINARY RESOLUTIONS

RESOLUTION 1: RE-ELECTION OF DIRECTOR

To consider and, if thought fit, to pass the following ordinary resolution:

Carol Campbell

It is hereby resolved, as an ordinary resolution, that Carol Campbell, who retires by rotation and is eligible for re-election, be re-elected as a Director of NZME.

A portrait of David Gibson, a middle-aged man with short, light-colored hair, wearing a dark grey blazer over a dark blue button-down shirt. He is looking directly at the camera with a neutral expression. The background is a blurred office or studio setting with blue lighting.

ORDINARY RESOLUTIONS

RESOLUTION 2: RE-ELECTION OF DIRECTOR

To consider and, if thought fit, to pass the following ordinary resolution:

David Gibson

It is hereby resolved, as an ordinary resolution, that David Gibson, who retires by rotation and is eligible for re-election, be re-elected as a Director of NZME.

A portrait of Guy Horrocks, a man with short dark hair, smiling and wearing a dark blue suit jacket over a white button-down shirt. The background is a blurred indoor setting with warm lighting.

ORDINARY RESOLUTIONS

RESOLUTION 3: ELECTION OF DIRECTOR

To consider and, if thought fit, to pass the following ordinary resolution:

Guy Horrocks

It is hereby resolved, as an ordinary resolution, that Guy Horrocks, who was appointed as a director by the Board after the last Annual Shareholders' Meeting with effect from 8 February 2021, be elected as a Director of NZME.



ORDINARY RESOLUTIONS

RESOLUTION 4: AUDITOR'S REMUNERATION

To consider and, if thought fit, to pass the following ordinary resolution:

Auditor's Remuneration

It is hereby resolved, as an ordinary resolution, that the Directors of NZME are authorised to fix the auditor's remuneration.

GENERAL BUSINESS

 The New Zealand Herald

THE COUNTRY

The Northern
Advocate

THE HITS

VIVA

DRIVEN

essence

 OneRoof

Midweek WHANGANUI

Coast

NewstalkZB

Chronicle HOROWHENUA

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.com.z

HCPOST
HAWKES BAY TODAY

 canvas

Hawke's Bay
TODAY

NAPIER
Courier

spy

NEW ZEALAND
Education Gazette
TUHIKI KŌRŌ

WatchMe.

 be
well

 Weekend Herald

Waikato NEWS

 nzherald focus

ZM

Bay of Plenty Times

ROTORUA
Weekender

Te Awamutu
Courier

Whanganui Chronicle

 travel

 TimeOut

MANAWATU
Guardian

flava

BUSHTELEGRAPH
Taranua

Katikati Advertiser

The Northland Age

CHB
Mail

Stratford
PRESS

EVERYONE'S
HERE.

NZ
ME.
NEW ZEALAND
MEDIA AND
ENTERTAINMENT



NZME. NEW ZEALAND
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16 April 2021

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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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