

MARKET ANNOUNCEMENT

16 November 2020

Momentum builds as New Zealand Media & Entertainment releases three-year strategy

AUCKLAND, 16 November 2020: Today NZME Limited (NZX: NZM, ASX: NZM) ("**NZME**") is excited to present its three-year strategy through a virtual Investor Day.

The NZME 2020 Investor Day Presentation is attached to this announcement.

Today, NZME's Chairman, Barbara Chapman, will introduce the session by setting out the guiding principles to ensure the priorities and initiatives being worked on by the NZME team sit within a robust set of parameters designed to ensure they deliver to the expectations of NZME's customers, and through them to NZME's shareholders:

- Customer first
- Win with quality
- Digital acceleration
- Audience expansion
- Top performance

CEO Michael Boggs will introduce NZME's three strategic priorities through to 2023:

- New Zealand's leading audio company
- New Zealand's Herald
- OneRoof – your complete property destination

'New Zealand's leading audio company'

Wendy Palmer, Chief Radio and Commercial Officer, will present the three pillars to achieving NZME's audio strategy; through creating New Zealand's best local audio content, growing broadcast and digital reach and growing market revenue share and digital revenue.

'New Zealand's Herald'

Shayne Currie, Managing Editor, will explain the path for the NZ Herald to become New Zealand's Herald through consolidating its position as the number one news brand for all New Zealanders. The path includes a focus on continuing to deliver compelling NZ Herald Premium content and expanding the New Zealand Herald's national presence, enabling NZME to broaden its already extensive audience reach.

Matt Wilson, Chief Operating Officer, will discuss the ongoing evolution of NZME's subscriber first strategy. This strategic focus is expected to see digital only subscriptions exceeding print subscriptions with a goal of more than 210,000 total subscribers by the end of 2023. NZME's aim is that by 2025 over 15% of New Zealand households will be New Zealand Herald subscribers in print or digital.

Mr Wilson will also update shareholders on the growth of the NZ Herald Premium digital print subscription service. NZ Herald Premium subscribers now total more than 93,000 including 49,000 paid digital subscribers.

Laura Maxwell, Chief Digital Officer, will set out NZME's plans to be a safe, scalable destination for advertisers. Key initiatives supporting this strategy include reaching audiences at scale, increased use of video and talent across NZME and evolving digital advertising products with a focus on personalisation.

‘OneRoof – your complete property destination’

Ms Maxwell will also present the NZME strategy for OneRoof, NZME’s property platform. This strategy aims to accelerate OneRoof’s trajectory to become the complete property destination for all New Zealanders.

Performance Overview

NZME’s Chief Financial Officer, David Mackrell, will provide an update on performance and will reiterate that cost saving initiatives in FY20 have resulted in permanent savings of \$20 million per annum.

Mr Mackrell will also outline plans for increased reporting transparency with new divisional reporting for the audio, publishing and OneRoof divisions, along with target profitability margins into the future.

Investors attending today’s virtual presentation will also be supplied with detail of the EBITDA margin growth NZME is targeting for each of its strategic divisions as represented in the following table:

	FY20F EBITDA¹ Margin	FY23 EBITDA¹ Margin Target
Audio	14%	15% – 17%
Publishing	19%	19% – 20%
OneRoof	9%	15% – 25%

¹ EBITDA is a non-GAAP measure and is presented as excluding the impact of IFRS16, and excluding exceptional items (redundancy costs, one-off projects and other exceptional items).

NZME is also announcing today that Grant Samuel has been appointed to explore divestment options for its GrabOne business. NZME has reviewed the role of GrabOne in our business against the key strategies announced today and determined that, while GrabOne has been performing strongly this year and has an impressive team and leadership, the business does not fit within NZME’s three strategic priorities.

NZME’s revised Dividend Policy, announced Tuesday 10 November, is set out in the NZME 2020 Investor Day Presentation.

NZME’s Board expects to be able to consider a dividend payment when facility terms permit after 30 June 2021.

ENDS

Authorised by the Board of NZME.

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