



MARKET ANNOUNCEMENT

APN TO ACQUIRE 100% OF AUSTRALIAN AND NEW ZEALAND RADIO ASSETS

- APN to move to full ownership of ARN and TRN for \$246.5 million, through acquisition of remaining 50% share from Clear Channel
- Purchase price represents an EV/FY13 EBITDA multiple of approximately 6.9 times¹
- APN confident in radio as a growth medium and in the ability of ARN and TRN to continue increasing market share
- Majority of APN's earnings post-Acquisition expected to be in growth businesses (radio, outdoor and digital)
- Acquisition funded through a fully underwritten entitlement offer, proceeds from the sale of APN Outdoor and debt from existing facilities
- Exclusive 10 year agreement with Clear Channel secured to operate and broadcast the iHeartRadio digital radio platform in Australia and New Zealand, with the option to act as implementation partner for iHeartRadio in a number of Asian markets²
- APN and Clear Channel to continue their relationship in the Adshel and Hong Kong Outdoor advertising businesses

Overview

SYDNEY, 19 February, 2014 – APN News & Media Limited [ASX, NZX: APN] today announced that it will acquire full ownership of Australian Radio Network Pty Limited ('ARN') and The Radio Network Limited ('TRN') from US joint venture partner Clear Channel Communications Inc ('Clear Channel') for \$246.5 million (the 'Acquisition'). The purchase price represents an EV/FY13 EBITDA multiple of approximately 6.9 times¹ and is expected to complete today, 19 February 2014.

As a result of the Acquisition, APN will own 100% of the largest network of radio stations in Australia and New Zealand. ARN owns or has investments in 12 radio stations in Sydney, Melbourne, Brisbane, Adelaide, Canberra and Perth. It broadcasts to over four million listeners each week. TRN operates seven core radio brands across New Zealand and broadcasts to approximately 1.7 million listeners each week.

APN Chief Executive Officer, Michael Miller said: "ARN and TRN are businesses that we know extremely well, having run them for almost twenty years. They are managed by highly competent teams and continue to deliver growth in both audience numbers and advertising revenues. We are confident that radio will continue to grow as a medium and that ARN and TRN will continue to capture a greater share of the market."

¹ Based on ARN and TRN's attributable EBITDA of \$71.5 million; adjusted to represent owned share of EBITDA in joint ventures.

² Excluding China, India, Japan, Taiwan and South Korea.

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The Acquisition is expected to considerably rebalance the earnings profile of APN post-Acquisition with the majority of the Company's future earnings expected to come from its growing radio, outdoor and digital media businesses.

It is anticipated that the Acquisition will also provide APN with greater flexibility to pursue new revenue generating opportunities through closer collaboration between its media businesses in both Australia and New Zealand.

As outlined in APN's financial results issued separately today, ARN delivered FY2013 EBITDA of \$58.0 million, up 14% and FY2013 revenue of \$148.9 million, up 6%. With overall Australian radio market revenue growth of 2% in 2013; this was the third consecutive year that ARN has outperformed the market. TRN delivered FY2013 EBITDA growth of 22% to \$20.0 million and FY2013 revenue growth of 9% to \$102.3 million on a local currency basis. This was against overall radio market growth in New Zealand of 7.7% in 2013.

As part of the Acquisition, APN has secured an exclusive ten year arrangement with Clear Channel to operate and broadcast the iHeartRadio digital radio platform in Australia and New Zealand. APN also has the exclusive option to act as implementation partner for iHeartRadio in a number of Asian markets².

iHeartRadio is the only free digital music service that combines customised radio stations with live radio streaming from the more than 1,000 live radio stations across all ARN, TRN and Clear Channel US networks. Since its launch in Australia and New Zealand in August 2013, iHeartRadio has already secured 274,000 registered users and more than 424,000 unique online and mobile visitors.

APN believes that iHeartRadio not only provides APN with additional commercial opportunities from its current network of radio stations, but that it also provides access to an expanded, younger audience.

Clear Channel and APN will continue their relationship in the Adshel and Hong Kong Outdoor advertising businesses.

Acquisition funding

The Acquisition will be funded through a combination of:

- a \$132 million fully underwritten 5 for 9 pro rata accelerated non-renounceable entitlement offer ('Entitlement Offer');
- \$60 million in proceeds from the sale of APN Outdoor, completed on 24 January 2014; and
- \$61 million in debt funded from existing facilities.

APN will settle the Acquisition and take full ownership of ARN and TRN today, through drawing on existing debt facilities and an equity bridge facility that will be repaid through net proceeds of the Entitlement Offer.

APN has received support for the Acquisition from its key shareholders including Independent News & Media PLC ('INM'), Allan Gray Australia Pty Ltd ('Allan Gray') and Baycliffe Limited ('Baycliffe'), representing 50.4% of the Company's current issued share capital. INM is not participating in the Entitlement Offer; however it remains committed to its stake in APN.

APN has commitments from Allan Gray and Baycliffe, an investment vehicle controlled by Denis O'Brien, that they will take up their full pro rata entitlements. Baycliffe is also sub-underwriting part of the Entitlement Offer equal to the entitlements of INM. The relevant interest of Baycliffe of 30.8% in APN will therefore not change as a result of the Entitlement Offer.

APN remains committed to strengthening its balance sheet and is targeting the generation of operating cash flows of \$60 million to \$70 million for FY2014 to be used to pay down debt. APN expects to achieve this target through continued focus on cash generation, ongoing restructuring

and cost saving initiatives and increased operating cash flows under 100% ownership of ARN and TRN.

Michael Miller said: "A key part of our thinking in acquiring full ownership of ARN and TRN was to boost operating cash flows to better position APN financially. The reduction in leverage from paying down debt through the year will considerably improve our refinancing options during the second half of 2014. Meanwhile we have sufficient headroom within our current facilities to meet all our obligations for the current year.

"It is also very encouraging to have received the support of our major shareholders, a strong endorsement for the Acquisition."

Further information

Further details about the Acquisition and the Entitlement Offer are contained in an investor presentation lodged with the ASX and NZX today.

Separate announcements regarding the Entitlement Offer and APN's FY2013 results have also been lodged with the ASX and NZX today.

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Future performance

This announcement contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of APN the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of APN, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to APN as at the date of this announcement.

Except as required by law or regulation (including the ASX Listing Rules), APN undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

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