

FINANCIAL REVIEW

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HD **APN bit pricey for some**
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The surge in APN News & Media's share price leaves the radio, newspaper publisher and outdoor advertiser looking expensive, according to one analyst.

APN, the newish home of radio hosts Kyle & Jackie O, is looking to shore up its balance sheet by selling its New Zealand media assets for an estimated \$400 **million**. Fairfax Media, publisher of The Australian Financial Review, has been named as an acquirer of APN's New Zealand assets although it has previously said there were no talks with APN. A **sale** of NZ would leave APN with local radio, Queensland regional newspapers, a half-share in outdoor advertisers Adshel and **Hong Kong** outdoor assets.

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With APN shares up about 98 per cent this year, and the **company** recently jumping into the ASX/S&P 200, APN looks expensive, says Citi media analyst Justin Diddams.

"We welcome the simplification of the APN portfolio and scope for debt reduction," he told clients, adding that "the APN rump could represent a more attractive merger and **acquisition** target to potential suitors.

"While the **sale** of APN NZ could potentially deliver a cash injection it also shrinks the earnings contribution and the rump still generates 45 per cent revenues from print newspapers."

APN's radio assets have starred this year, helped by the poaching of Kyle & Jackie O, although its Mix and **Gold** FM Melbourne stations reported weakened audience share in the last radio ratings. Meanwhile, outdoor advertising has defied lacklustre advertising conditions, with this week's SMI figures showing ad agency bookings for outdoor are up 6.3 per cent in calendar year to date – versus a 1.5 per cent decline overall.

But radio and newspapers in particular were more downbeat. Radio bookings were down 2 per cent through 2014, while newspapers were down 16.5 per cent over the same period, the SMI figures showed.

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