

Media Watch is running a segment tonight about Bauer Media's acquisition of Pacific Magazines. We've spoken to some staff (current and former) who've expressed concerns about how they've been managed, as well as concerns about the future of Bauer's titles.

Issues in tonight's show include

- The "hibernation" of 8 titles that may not return, but September is the earliest return date if they do.
- Many staff have been stood down (but not sacked or made redundant), aren't getting JobKeeper and have no return date.
- Staff feel badly treated in recent weeks and Bauer doesn't seem to care about its relationship with staff.
- Bauer didn't want to go through with the \$40m acquisition of Pac Mags after COVID-19 but it was forced to go through with the deal.
- Australian Women's Weekly has cut 3 staff in the lucrative beauty team and other magazines have no beauty staff left.

Does Bauer have any response and is there any comment?

Response from Bauer Media:

- The "hibernation" of 8 titles that may not return, but September is the earliest return date if they do

Correction:

The economic impact led Bauer to temporarily pause the titles that are most impacted by Covid-19 particularly those that are travel reliant and in the luxury space. It did not make sense from a business perspective to keep titles running at a loss. Print editions are paused as of now yet the titles' websites and social media channels remain and are performing very well.

These are temporary measures only. It is our intention that titles and their teams will be back up and running with returns to align with on-sale September timings. Bauer is monitoring transit channels (eg. airports) closely as these affect timings of the weeklies. The monthlies are reliant on the return of advertising spend.

Impacted titles are:

- Harper's Bazaar
- Elle
- Instyle
- Men's Health
- Women's Health
- Good Health

- NW
- OK

- Many staff have been stood down (but not sacked or made redundant), aren't getting JobKeeper and have no return date

Clarification:

No one could have foreseen the immediate cash flow impact that COVID-19 had on the media industry. Like many major media organisations we too had to make tough decisions to restructure our business and that was the reason for redundancies. For a number of our staff, there was a stoppage of work, caused by the COVID-19 pandemic and the government restrictions arising from it and that was the reason for our stand-downs.

This was an extremely tight process and careful consideration was given to every individual who was affected. There were a total of 124 redundancies and 96 stand downs across Bauer and Pacific staff.

At this stage, stand down is for a period of 3 to 6 months. Staff will be notified of any changes directly. We are aiming to have these much valued team members back on board in time to align with on-sale September timings. The weekly titles that are paused temporarily are directly impacted by transit channels such as airports so we are monitoring the timings of domestic travel closely.

The long-term impact of Covid-19 on media organisations across the country is yet unknown but we will endeavour to maintain our current structure. We are not alone with needing to restructure our business for commercial viability. March and April were extraordinary months for media related redundancies in Australia:

- AAP announced its closure representing 600 jobs including editorial positions
- News Ltd suspended 60 titles representing hundreds of jobs
- Foxtel announced 200 staff redundancies and 140 stand downs
- Australian Community Media suspended 170 print mastheads with hundreds of jobs affected
- Same with Fairfax...the list goes on.

We are now focused on moving forward and in the coming months, we are looking forward to welcoming back to the business, the team members who were stood down.

Due to its global structure, Bauer is unfortunately not currently eligible for the JobKeeper allowance. Bauer has done its due diligence, investing significant internal and external resources to investigate our eligibility criteria on behalf of our employees. Because of the Government's requirement that Bauer apply the "aggregated turnover" of the global Bauer Group, Bauer is subject to a 50% threshold in relation to the decline in its turnover. Bauer is not presently able to demonstrate a decline of 50% or greater in the turnover of the entities that employ Bauer staff. We are continuing to assess our eligibility regularly and will notify staff of changes.

- **Staff feel badly treated in recent weeks and Bauer doesn't seem to care about its relationship with staff**

Clarification:

Communication to team members, both from Pacific and Bauer, was managed in line with respective legal constraints. It was an extremely tight process and careful consideration was given to every individual who was affected. We communicated necessary changes with Pacific staff once they became Bauer employees. The first step was a company wide (Bauer staff on Wednesday May 29th, and newly joined Pacific staff on Monday May 4th) announcement of the proposed restructure via zoom, and then every affected staff member went through a one on one consultation with time to provide feedback on the proposal. The final structures weren't finalised until all feedback had been received.

Once staff feedback had been reviewed and the restructuring completed, Bauer Media CEO Brendon Hill and members of the executive leadership team addressed the entire Bauer workforce on Friday 15 May, including employees who have been temporarily stood down, to provide clarity and updates on the future. Employees were encouraged to submit questions prior to the call that were addressed by Brendon Hill on the video call. This is the first of what will become a regular opportunity for Bauer staff to engage with their peers, celebrate their work and success and share updates on the new, fortified Bauer Media.

- **Bauer didn't want to go through with the \$40m acquisition of Pac Mags after COVID-19 but it was forced to go through with the deal**

Correction:

Bauer and SWM were always 100% committed to seeing through Bauer's acquisition of Pacific. The deal was crucial to the sustainability of the industry and Bauer remained committed to the acquisition during the process. Covid-19 hit along the way which presented unexpected challenges but we believed that the acquisition would still present Bauer and our customers with unparalleled opportunities, allow us to diversify revenue streams and grow and innovate across our multi-platform offerings. Pacific and Bauer are now one. We have grown in size significantly in recent weeks.

- **Australian Women's Weekly has cut 3 staff in the lucrative beauty team and other magazines have no beauty staff left**

Correction:

Beauty remains a huge focus for Bauer in terms of both audience and clients, not only across our dedicated beauty assets - Beauty Heaven, Beauty Directory and Beauty Crew - but across all brands. There is a revised structure that has formed a centralised division to service the broader needs of the business. The team create

content for all channels offering clients seamless execution for their campaigns across all brand channels - print, digital, social, video and audio. We are exceptionally proud of the calibre of our beauty team.

Key leadership staff in the beauty team are:

- Group Beauty Director - Brooke Le Poer Trench
- Digital Director - Lorna Gray
- Beauty Managing Editor - Sam McMeekin

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Additional Bauer background - Brendon Hill's CEO address to all staff

Pacific and Bauer now operate as one, Bauer Media. We have grown significantly. These two great businesses have finally come together to create a new, stronger media company which will ensure we prosper as an industry long into the future. Bauer was always committed to this deal and, along with Seven West Media, we worked very hard to make this happen. We look forward to the opportunities this presents.

As we all know, our industry is changing. In Australia and across the world, advertisers have more options than ever before about where to spend their money. Readers have more options than ever before about where to find information and entertainment. The traditional media landscape as we know it is forever changing, it always has been. This deal gives us even more of a chance to lead this change and help shape the next chapter.

Our combined business is a powerhouse stable of brands – these brands are trusted, loved and iconic. They also need to be innovative, courageous, and adaptable.

We are completely committed to every brand, despite media speculation. I am also delighted to forge a strong, ongoing partnership with Seven West Media, that was worked through back in October last year. We are going to super-charge our digital strategies with a content sharing partnership. We are both committed to collaborating on Channel 7 shows and our brands. And we are going to work closely together on marketing our brands through each other's platforms with a major contra-advertising deal.

Our CFO, Andrew Stedwell, explained due to a significant decline in cash flow, we were forced to restructure our cost base to ensure the business remained tenable in a new and uncertain economic environment. With significant falls in advertising revenue across the local and global markets, these same measures are being taken by media organisations here in Australia and across the world. Regrettably significant cost mitigation, including redundancy and stand downs, had to take place here, like they have in many other businesses.

The restructuring process was extremely difficult yet we were forced to make tough decisions because of COVID 19 – but, again contrary to what some commentators might say, it was an extremely carefully considered process for us.

It is also with regret that some titles have been paused temporarily but we are 100% committed to bringing these titles and their teams back as soon as we can.

As we have communicated, as a foreign-owned entity, Bauer is unfortunately not eligible for the Job Keeper subsidy. Rest assured that we devoted significant internal and external resources to assess our eligibility and pursued this with significant vigour, so we are extremely disappointed that we are ineligible for this. We are incredibly sympathetic to the strain that this has had on some of the staff who have been stood down.

We are a global company that operates in 15 countries around the world in magazines, radio, digital, online comparison platforms, and digital marketing services. We are privately owned and therefore aren't reliant on the sentiment of the share-market to dictate our value. Our global stance is to not comment on any speculation – and that holds true in all markets we operate. Bauer has, and will always, do its due diligence on interest from investment firms. We are not in a position to comment specifically on Mercury Capital or any interest expressed by any third party. What we are focused on in Australia - particularly with the Pacific acquisition - is growth for the future...that's what matters.

After a period of uncertainty, it is time to move forward as one, strong, innovative business - we have some exciting plans and we're getting out in the market next week to excite the trade about what our significant growth means to them – there are more opportunities than ever before for our clients to connect with our brand communities. The combined business is better placed to invest in the key drivers of future success - high-quality content and digital development - leading the industry into a sustainable future. We can now leverage our new, larger and more meaningful audiences to market new products and services and also use it to market new and innovative brand extensions. We look forward to sharing more details of our strategy in the coming weeks.

I am proud to be part of such a talented, passionate and resilient team. We are poised for great success and growth.