

# NZME Limited

## ASM: Boardroom Reset, Cost-out to Offset

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NZME's (NZM) 2025 ASM saw the new board formally reset and included a measured trading update. While operating EBITDA for the first four months of the year was ahead of 2024 (excluding restructuring costs), management noted that: 'the market is not improving as much as we originally expected—it remains volatile.' To offset this softer trading backdrop, NZM has implemented a further NZ\$8m of new savings in 1H25, in addition to the NZ\$4m from the newsroom restructure announced in January 2025. Although management remains cautious, they still expect improved operating results in FY25. At the FY24 result (26 February 2025), the company noted a '+4% lift in 1Q25 advertising revenue' (adjusted for the exit of community newspaper products). We incorporate this commentary into our forecasts, with modestly lower top-line assumptions more than offset by reduced opex. Our blended spot valuation lifts slightly to NZ\$1.26.

NZX code	NZM	Financials: Dec/	24A	25E	26E	27E	Valuation (x)	24A	25E	26E	27E
Share price	NZ\$1.19	Rev (NZ\$m)	350.6	357.6	361.6	362.7	PE	25.7	16.6	11.0	11.4
Spot Valuation	NZ\$1.26 (from 1.25)	NPAT* (NZ\$m)	8.7	13.5	20.4	19.7	EV/EBIT	n/a	12.8	9.4	9.9
Risk rating	Medium	EPS* (NZc)	4.6	7.2	10.9	10.5	EV/EBITDA	6.5	5.8	5.1	5.2
Issued shares	187.9m	DPS (NZc)	9.0	9.0	9.0	9.0	Price / NTA	n/a	n/a	n/a	n/a
Market cap	NZ\$224m	Imputation (%)	100	100	100	100	Cash div yld (%)	7.6	7.6	7.6	7.6
Avg daily turnover	128.7k (NZ\$137k)	*Based on normalised profits					Gross div yld (%)	10.5	10.5	10.5	10.5

### What's changed?

- **Earnings:** Our operating EBITDA forecasts lift +1%/+3%/+2% for FY25/FY26/FY27, reflecting cost-out initiatives.
- **Spot valuation:** Our blended spot valuation increases +1% to NZ\$1.26, driven by lower long-term cost assumptions.

### Trading improving, but outlook remains cautious

At its ASM, NZM noted that: 'the first four months of 2025 have delivered a higher operating EBITDA than 2024', with this figure excluding the impact of restructuring costs. NZ\$12m of cost-out initiatives are now in place (NZ\$4m previously disclosed; NZ\$8m new), with NZ\$3m of restructuring costs assumed in our FY25 forecasts. Management noted that: 'while the market outlook remains uncertain, the first four months of trading combined with our cost-savings initiatives see us well placed to deliver improved operating results for 2025'. That is broadly consistent with commentary at the FY24 result (26 February 2025), which guided to +4% advertising revenue growth in 1Q25, adjusted for the exit of community papers.

### Stuff stake to lift competitive pressures—will the Commerce Commission get involved?

Trade Me is set to acquire a 50% stake in Stuff Digital (excluding its mastheads The Post, The Press, the Sunday Star Times, and its regional magazine titles, events, and Neighbourly)—a significant tie-up between the country's largest classifieds platform and a top-3 news publisher. Stuff's property platform (Homed) will be rebranded under Trade Me Property, and content/listings will be shared across both sites. Trade Me remains the dominant property destination across multiple digital channels, and if this deal goes ahead, it will likely raise the bar for OneRoof. NZM had previously been in discussion regarding Stuff's mastheads and URLs, not its digital-news business. Although merger clearance in NZ is voluntary, the NZ Commerce Commission (NZCC) has the authority to investigate, seek penalties or unwind a transaction if it believes the deal may substantially lessen competition. We understand the parties have not sought formal clearance for the Trade Me–Stuff Digital transaction, and the NZCC has acknowledged its right to intervene should concerns arise.

## NZME Limited (NZM)

Market Data (NZ\$)						Spot valuation (NZ\$)					
Priced as at 04 Jun 2025						1.19					
52 week high / low						1.21 / 0.86					
Market capitalisation (NZ\$m)						223.6					
Carbon and ESG (CESG)**						Key WACC assumptions					
CESG rating						n/a					
CESG score						n/a					
Sector average CESG score						n/a					
NZ average CESG score						n/a					
Profit and Loss Account (NZ\$m)						Valuation Ratios					
Revenue	2023A	2024A	2025E	2026E	2027E	EV/Sales (x)	2023A	2024A	2025E	2026E	2027E
Normalised EBITDA	347.6	350.6	357.6	361.6	362.7	EV/EBITDA (x)	1.0	0.9	0.9	0.9	0.9
Depreciation and amortisation	54.6	50.1	56.1	62.7	62.3	EV/EBIT (x)	6.0	6.5	5.8	5.1	5.2
Normalised EBIT	(28.6)	(29.9)	(30.5)	(28.3)	(29.5)	PE (x)	12.9	n/a	12.8	9.4	9.9
Net interest	26.0	20.2	25.6	34.4	32.8	Price/NTA (x)	17.8	25.7	16.6	11.0	11.4
Associate income	(7.7)	(7.8)	(6.7)	(5.8)	(5.3)	Free cash flow yield (%)	n/a	n/a	n/a	n/a	n/a
Tax	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	Adj. free cash flow yield (%)	7.1	5.1	7.0	8.7	8.2
Minority interests	(5.6)	(3.5)	(5.2)	(7.9)	(7.6)	Net dividend yield (%)	7.1	5.1	7.0	8.7	8.2
Normalised NPAT	-	-	-	-	-	Gross dividend yield (%)	7.6	7.6	7.6	7.6	7.6
Abnormals/other	12.2	8.7	13.5	20.4	19.7	Interest cover EBIT (x)	10.5	10.5	10.5	10.5	10.5
Reported NPAT	-	(24.7)	-	-	-	Interest cover EBITDA (x)	3.3	n/a	3.8	5.9	6.2
Normalised EPS (cps)	12.2	(16.0)	13.5	20.4	19.7	Net debt/ND+E (%)	7.1	6.4	8.4	10.7	11.8
DPS (cps)	6.7	4.6	7.2	10.9	10.5	Net debt/EBITDA (x)	13.6	22.0	23.5	20.9	19.2
	9.0	9.0	9.0	9.0	9.0		0.3	0.5	0.5	0.4	0.3
Growth Rates						Capital Structure					
Revenue (%)	2023A	2024A	2025E	2026E	2027E	Interest cover EBIT (x)	2023A	2024A	2025E	2026E	2027E
EBITDA (%)	-5.0	0.9	2.0	1.1	0.3	Interest cover EBITDA (x)	3.3	n/a	3.8	5.9	6.2
EBIT (%)	-15.5	-8.3	11.9	11.8	-0.7	Net debt/ND+E (%)	7.1	6.4	8.4	10.7	11.8
Normalised NPAT (%)	-31.5	n/a	n/a	34.6	-4.8	Net debt/EBITDA (x)	13.6	22.0	23.5	20.9	19.2
Normalised EPS (%)	-46.8	-28.7	55.1	51.4	-3.7		0.3	0.5	0.5	0.4	0.3
Ordinary DPS (%)	-45.8	-30.8	55.1	51.4	-3.7						
	0.0	0.0	0.0	0.0	0.0						
Cash Flow (NZ\$m)						Key Ratios					
EBITDA	2023A	2024A	2025E	2026E	2027E	Return on assets (%)	2023A	2024A	2025E	2026E	2027E
Working capital change	54.6	50.1	56.1	62.7	62.3	Return on equity (%)	8.8	-1.8	10.5	14.5	14.3
Interest & tax paid	0.6	1.7	(1.3)	(0.7)	(0.8)	Return on funds employed (%)	10.7	10.2	16.3	23.6	21.9
Other	(19.3)	(11.3)	(11.9)	(13.8)	(12.9)	EBITDA margin (%)	4.9	4.1	6.7	10.6	10.7
Operating cash flow	4.0	(2.6)	-	-	-	EBIT margin (%)	15.7	14.3	15.7	17.3	17.2
Capital expenditure	40.0	37.9	42.9	48.2	48.6	Capex to sales (%)	7.3	-1.3	7.1	9.5	9.0
(Acquisitions)/divestments	(11.0)	(12.7)	(12.2)	(12.9)	(13.5)	Capex to depreciation (%)	3.2	3.6	3.4	3.6	3.7
Other	-	-	-	-	-	Imputation (%)	-56	-69	-66	-72	-77
Funding available/(required)	(13.1)	(13.8)	(15.0)	(15.8)	(16.6)	Pay-out ratio (%)	100	100	100	100	100
Dividends paid	15.8	11.3	15.6	19.4	18.4		135	195	125	83	86
Equity raised/(returned)	(16.6)	(16.8)	(16.9)	(16.9)	(16.9)						
(Increase)/decrease in net debt	(0.7)	(5.5)	(1.3)	2.5	1.5						
Balance Sheet (NZ\$m)						Operating Performance					
Working capital	2023A	2024A	2025E	2026E	2027E	Audio	2023A	2024A	2025E	2026E	2027E
Fixed assets	1.3	(0.4)	0.9	1.7	2.4	External customers revenue	113.3	116.0	118.4	118.8	119.2
Intangibles	20.3	18.2	16.3	14.9	13.9	Operating EBITDA	23.3	21.9	24.2	23.5	22.2
Right of use asset	142.4	115.8	112.4	111.3	109.2	Operating EBITDA margin	21%	19%	20%	20%	19%
Other assets	58.2	54.7	49.8	45.1	40.5						
Total funds employed	13.7	17.2	17.2	17.2	17.2	Publishing	204.3	199.9	203.8	202.0	200.4
Net debt/(cash)	236.0	205.5	196.6	190.1	183.3	External customers revenue	38.7	34.5	37.0	37.0	36.7
Lease liability	18.0	24.1	25.4	22.9	21.4	Operating EBITDA margin	19%	17%	18%	18%	18%
Other liabilities	84.7	79.8	72.4	64.4	55.8						
Shareholder's funds	13.5	14.1	14.1	14.1	14.1	OneRoof	20.8	27.1	32.7	38.1	40.3
Minority interests	119.9	87.6	84.7	88.8	92.1	External customers revenue	-1.4	2.7	4.8	7.1	8.2
	-	-	-	-	-	Operating EBITDA	-7%	10%	15%	19%	20%
Total funding sources	236.0	205.5	196.6	190.1	183.3	Operating EBITDA margin	-7%	10%	15%	19%	20%

\* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend\*\* Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at [www.forsythbarr.co.nz/corporate-news-events/cesg-report](http://www.forsythbarr.co.nz/corporate-news-events/cesg-report)

## Earnings revisions

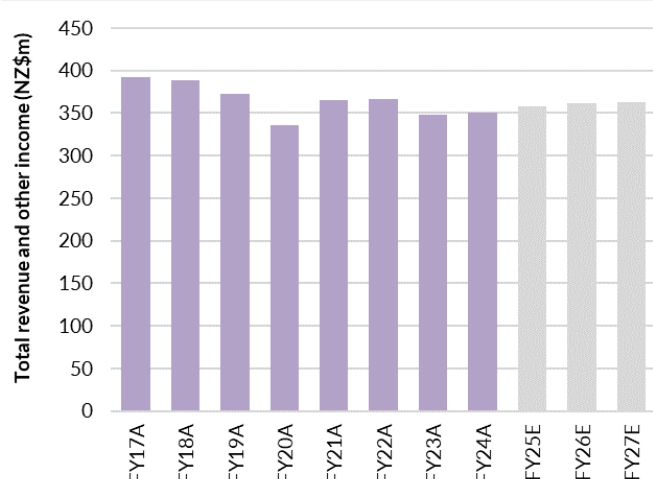
We make modest adjustments to our FY25 revenue forecasts, with changes flowing through to FY26 and FY27. Revenue is trimmed slightly to reflect softer trading commentary at the ASM. We have raised our assumed restructuring costs in FY25 to NZ\$5m (from NZ\$3m). However, these are more than offset by the recently announced cost savings—which we partly flow through into our estimates, given assumptions for cost out are already factored in—and we lift our FY25 operating EBITDA forecast by +NZ\$0.8m to NZ\$60.7m. This also drives operating EBITDA upgrades of +3% in FY26 and +2% in FY27.

**Figure 1. NZM—Earnings revisions (NZ\$m)**

	FY25E			FY26E			FY27E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (from external customers)	354.6	352.6	-1%	359.3	356.5	-1%	361.0	357.5	-1%
Finance and other income	5.1	5.1	+0%	5.2	5.2	+0%	5.3	5.3	+0%
Total revenue and other income	359.7	357.6	-1%	364.4	361.6	-1%	366.3	362.7	-1%
Opex	(302.4)	(301.5)	-0%	(303.4)	(299.0)	-1%	(305.4)	(300.5)	-2%
<b>EBITDA</b>	<b>57.3</b>	<b>56.1</b>	<b>-2%</b>	<b>61.0</b>	<b>62.7</b>	<b>+3%</b>	<b>60.9</b>	<b>62.3</b>	<b>+2%</b>
Total depreciation and amortisation	(30.5)	(30.5)	-0%	(28.3)	(28.3)	-0%	(29.5)	(29.5)	-0%
Share of JV and associates net loss after tax	(0.2)	(0.2)	n/a	(0.2)	(0.2)	n/a	(0.2)	(0.2)	n/a
EBIT (before significant items)	26.6	25.4	-4%	32.5	34.2	+5%	31.1	32.6	+5%
Significant items	-	-		-	-		-	-	
EBIT	26.6	25.4	-4%	32.5	34.2	+5%	31.1	32.6	+5%
Net interest	(6.7)	(6.7)	+0%	(5.8)	(5.8)	+0%	(5.3)	(5.3)	+0%
Profit / (loss) from discontinued operations	-	-		-	-		-	-	
Pre-Tax Profit	19.9	18.7	-6%	26.7	28.3	+6%	25.9	27.3	+6%
Taxation	(5.6)	(5.2)	-6%	(7.5)	(7.9)	+6%	(7.2)	(7.6)	+6%
<b>Profit / (loss) for the year</b>	<b>14.3</b>	<b>13.5</b>	<b>-6%</b>	<b>19.2</b>	<b>20.4</b>	<b>+6%</b>	<b>18.6</b>	<b>19.7</b>	<b>+6%</b>
 <b>Operating EBITDA</b>	 <b>59.9</b>	 <b>60.7</b>	 <b>+1%</b>	 <b>60.7</b>	 <b>62.3</b>	 <b>+3%</b>	 <b>60.5</b>	 <b>61.9</b>	 <b>+2%</b>
DPS (cents per share)	9.0	9.0	+0%	9.5	9.0	-5%	9.0	9.0	+0%

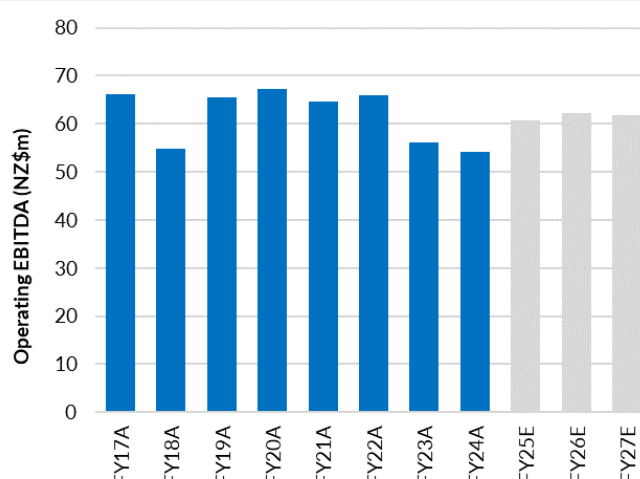
Source: Forsyth Barr analysis

**Figure 2. NZM—Total revenue and other income**



Source: Company, Forsyth Barr analysis

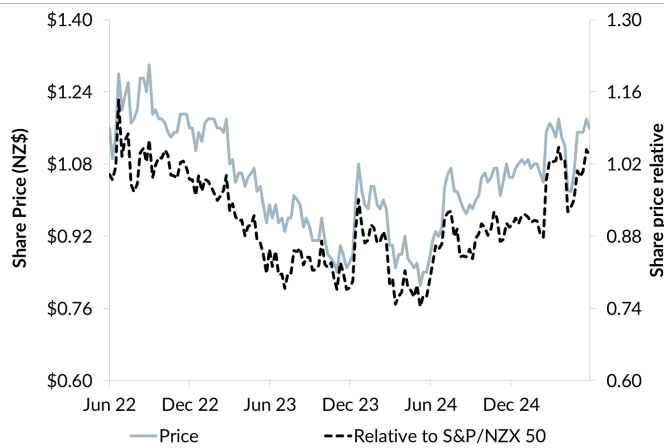
**Figure 3. NZM—Operating EBITDA**



Source: Company, Forsyth Barr analysis

## Additional data

Figure 4. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 5. Substantial shareholders

Shareholder	Latest Holding
Spheria	19.0%
James T Grenon	13.0%
Pinnacle	10.9%
Osmium Partners	6.5%
Nomura	5.3%

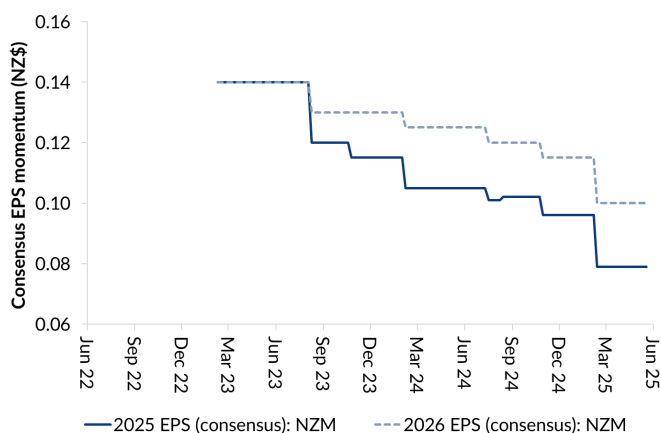
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 6. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld
				1yr	2yr	1yr	2yr	1yr	2yr	
NZME	NZM NZ	NZ\$1.19	NZ\$224	13.4x	11.3x	6.1x	5.8x	12.2x	10.8x	7.7%
Nine Entertainment	NEC AT	A\$1.61	A\$2,549	14.5x	12.8x	7.7x	7.1x	11.3x	10.3x	5.1%
Seven West Media	SWM AT	A\$0.16	A\$239	4.1x	4.2x	5.2x	5.3x	7.0x	7.1x	0.0%
New York Times	NYT US	US\$56.05	US\$9,139	24.7x	22.5x	14.8x	13.6x	17.0x	15.4x	1.3%
Reach	RCH LN	£74.60	£237	>75x	>75x	2.6x	2.7x	3.1x	3.2x	0.1%
Gannett	GCI US	US\$3.49	US\$511	<0x	33.6x	6.6x	6.5x	20.3x	18.9x	0.0%
Arn Media	A1N AT	A\$0.52	A\$161	6.5x	6.0x	8.3x	8.2x	16.9x	16.4x	8.7%
Southern Cross Media Group	SXL AT	A\$0.64	A\$154	8.9x	7.7x	7.1x	7.0x	12.3x	11.8x	6.7%
Sirius XM Holdings	SIRI US	US\$21.61	US\$7,303	7.4x	7.1x	7.0x	7.0x	10.1x	10.0x	5.2%
Cumulus Media	CMLS US	US\$0.13	US\$2	-0.0x	<0x	13.2x	10.9x	>75x	>75x	0.0%
Domain Holdings Australia	DHG AT	A\$4.36	A\$2,754	41.5x	38.2x	18.7x	17.0x	25.3x	22.7x	1.6%
REA GROUP	REA AT	A\$239.58	A\$31,653	47.7x	40.8x	29.2x	25.4x	33.7x	29.1x	1.2%

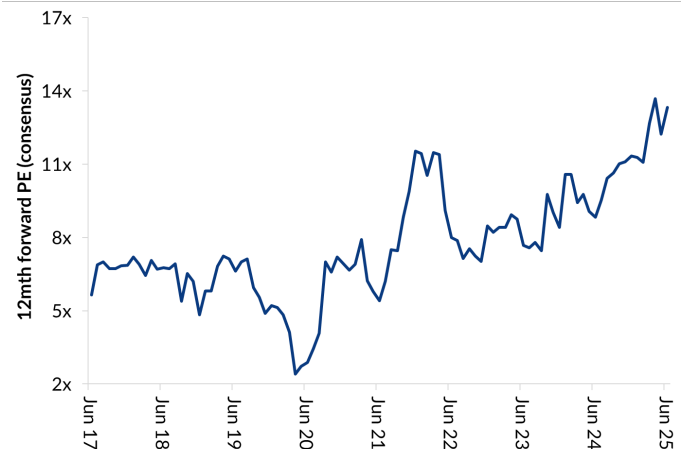
Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 7. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

Figure 8. Consensus one year forward PE (x)



Source: LSEG, Forsyth Barr analysis, NOTE: Data excluded when PE<0x or >75x

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