NZME Limited
1H25: Cost Reset to Offset

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NZME's (NZM) 1H25 result was complicated by the closure of several community publications in December 2024 and NZ$5.2m of non-recurring costs. Underlying performance was solid, with operating EBITDA up +12% to NZ$23.9m. A significant restructuring programme was implemented in 1H25 and is expected to deliver ~NZ$12m of annualised cost savings through 2H25. Management is guiding FY25 operating EBITDA to NZ$57m–NZ$59m, ~4% below our prior estimates at the midpoint. OneRoof remains a key priority, with the strategic review producing no concrete outcomes. We look for good long-term organic growth and expect revenue growth to reaccelerate in 2H25, after slowing to just +5% in 1H25, supported by ongoing Digital momentum and a stabilisation in Print revenues. We trim near-term estimates, but efforts on costs and solid operational management lift our longer-term estimates modestly. Our blended spot valuation remains flat at NZ$1.15.

NZX code	NZM
Share price	NZ$1.15
Spot Valuation	NZ$1.15
Risk rating	Medium
Issued shares	187.9m
Market cap	NZ$216m
Avg daily turnover	127.4k (NZ$137k)

Financials: Dec/	24A	25E	26E	27E
Rev (NZ$m)	350.6	343.5	346.1	347.9
NPAT* (NZ$m)	13.1	16.3	18.6	19.8
EPS* (NZc)	7.0	5.4	9.9	10.5
DPS (NZc)	9.0	9.0	9.0	9.0
Imputation (%)	100	100	100	100

*Based on normalised profits

Valuation (x)	24A	25E	26E	27E
PE	16.5	21.1	11.6	10.9
EV/EBIT	n/a	11.9	10.1	9.7
EV/EBITDA	5.9	5.5	5.2	5.0
Price / NTA	n/a	n/a	n/a	n/a
Cash div yld (%)	7.8	7.8	7.8	7.8
Gross div yld (%)	10.9	10.9	10.9	10.9

What's changed?

- **Earnings:** Operating EBITDA moves -4%/-3%/+2% over FY25/FY26/FY27 respectively.

Revenue decline impacted by closure of community publications

NZM's operating revenue fell -3% from 1H24 to NZ$163.5m in 1H25, primarily due to a -6% decline in Publishing revenue. Sales for the Publishing segment were impacted by: (1) the December 2024 closure of several community publications (net impact of -NZ$2.8m, including the acquisitions of Sun Media and Gisborne Herald); (2) the ongoing secular decline of physical print subscriptions and retail sales; and (3) a -9% decline in digital advertising revenue, partially driven by a deliberate decision to 'deprioritise low-yielding digital performance marketing'. Audio revenue was broadly flat (+1%), while OneRoof rose +5%.

Cost out offsets revenue declines, with more to come in 2H25

Revenue declines in 1H25 were more than offset by a -5% year-over-year reduction in operating expenses. Lower operating costs reflect: (1) the closure of community papers (effectively breakeven); (2) lower third-party fulfilment costs; and (3) the restructuring programme. NZM's restructuring initiatives in 1H25, including a newsroom reshaping, are expected to deliver NZ$12m of annualised cost savings. The full impact will be seen in 2H25, with NZ$2m recognised in 2Q25. Non-recurring costs of NZ$5.2m in 1H25 mainly relate to restructuring and ASM-related legal costs.

Limited update on OneRoof strategic review, momentum slowing modestly

After launching a strategic review of its ownership in February 2025, NZM announced it will pursue organic growth opportunities for OneRoof under the guidance of a new advisory board. While OneRoof's 1H25 revenue growth was below our expectations, this was partly due to a larger-than-expected decline in print revenue, as listings were skewed towards lower-value properties. Digital revenue growth was also lower than expected, as progress on driving listing upgrades slowed (upgrade conversion rate +1pp to 32% in 1H25).

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NZME Limited (NZM)

Market Data (NZ$)	
Priced as at 26 Aug 2025	**1.15**
52 week high / low	1.21 / 0.95
Market capitalisation (NZ$m)	216.1

Spot valuation (NZ$)	**1.15**
Peers comparable	1.36
DCF	1.11
Dividend Discount Model	0.92

Carbon and ESG (CESG)**	
CESG rating	n/a
CESG score	n/a
Sector average CESG score	n/a
NZ average CESG score	n/a

Key WACC assumptions	
Risk free rate	5.00%
Equity beta	0.99
WACC	11.1%
Terminal growth	1.5%

Profit and Loss Account (NZ$m)	2023A	2024A	2025E	2026E	2027E
Revenue	347.6	350.6	343.5	346.1	347.9
Normalised EBITDA	**56.2**	**54.2**	**58.3**	**60.7**	**63.0**
Depreciation and amortisation	(28.6)	(29.9)	(31.5)	(29.2)	(30.3)
Normalised EBIT	**27.6**	**24.3**	**26.8**	**31.5**	**32.6**
Net interest	(7.7)	(7.4)	(6.4)	(5.5)	(4.9)
Associate income	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)
Tax	(5.6)	(3.5)	(4.0)	(7.2)	(7.7)
Minority interests	-	-	-	-	-
Normalised NPAT	**13.8**	**13.1**	**16.3**	**18.6**	**19.8**
Abnormals/other	(1.6)	(29.2)	(6.1)	-	-
Reported NPAT	**12.2**	**(16.0)**	**10.2**	**18.6**	**19.8**
Normalised EPS (cps)	6.7	7.0	5.4	9.9	10.5
DPS (cps)	9.0	9.0	9.0	9.0	9.0

Valuation Ratios	2023A	2024A	2025E	2026E	2027E
EV/Sales (x)	0.9	0.9	0.9	0.9	0.9
EV/EBITDA (x)	5.7	5.9	5.5	5.2	5.0
EV/EBIT (x)	11.9	n/a	11.9	10.1	9.7
PE (x)	17.2	16.5	21.1	11.6	10.9
Price/NTA (x)	n/a	n/a	n/a	n/a	n/a
Free cash flow yield (%)	8.0	5.2	6.1	8.9	8.9
Adj. free cash flow yield (%)	8.0	5.2	6.1	8.9	8.9
Net dividend yield (%)	7.8	7.8	7.8	7.8	7.8
Gross dividend yield (%)	10.9	10.9	10.9	10.9	10.9

Capital Structure	2023A	2024A	2025E	2026E	2027E
Interest cover EBIT (x)	3.5	n/a	4.2	5.7	6.6
Interest cover EBITDA (x)	7.3	7.3	9.2	11.1	12.8
Net debt/ND+E (%)	13.6	22.0	25.7	23.5	21.2
Net debt/EBITDA (x)	0.3	0.4	0.5	0.4	0.4

Growth Rates	2023A	2024A	2025E	2026E	2027E
Revenue (%)	-5.0	0.9	-2.0	0.7	0.5
EBITDA (%)	-13.1	-3.6	7.6	4.1	3.8
EBIT (%)	-27.4	n/a	n/a	17.4	3.7
Normalised NPAT (%)	-40.0	-4.6	24.2	14.0	6.7
Normalised EPS (%)	-45.8	4.4	-22.0	81.6	6.7
Ordinary DPS (%)	0.0	0.0	0.0	0.0	0.0

Key Ratios	2023A	2024A	2025E	2026E	2027E
Return on assets (%)	9.3	-0.2	11.2	13.6	14.6
Return on equity (%)	12.0	15.4	20.6	22.9	23.5
Return on funds employed (%)	5.5	6.1	8.2	9.9	11.0
EBITDA margin (%)	16.2	15.5	17.0	17.5	18.1
EBIT margin (%)	7.8	-0.2	7.8	9.0	9.3
Capex to sales (%)	3.2	3.6	3.4	3.6	3.7
Capex to depreciation (%)	-56	-69	-63	-67	-72
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	135	129	165	91	85

Cash Flow (NZ$m)	2023A	2024A	2025E	2026E	2027E
EBITDA	**56.2**	**54.2**	**58.3**	**60.7**	**63.0**
Working capital change	0.6	1.7	(1.5)	(0.1)	(1.2)
Interest & tax paid	(19.3)	(11.3)	(10.7)	(13.1)	(13.0)
Other	4.0	(6.7)	(6.1)	-	-
Operating cash flow	**41.5**	**37.9**	**40.1**	**47.5**	**48.8**
Capital expenditure	(11.0)	(12.7)	(11.8)	(12.4)	(13.0)
(Acquisitions)/divestments	-	-	-	-	-
Other	(13.1)	(13.8)	(15.0)	(15.8)	(16.6)
Funding available/(required)	**17.4**	**11.3**	**13.3**	**19.3**	**19.2**
Dividends paid	(16.6)	(16.8)	(16.9)	(16.9)	(16.9)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	**0.8**	**(5.5)**	**(3.6)**	**2.4**	**2.3**

Operating Performance	2023A	2024A	2025E	2026E	2027E
Audio					
External customers revenue	113.3	116.0	117.1	118.4	117.7
Operating EBITDA	23.3	21.9	23.6	24.0	21.8
Operating EBITDA margin	21%	19%	20%	20%	19%
Publishing					
External customers revenue	204.3	199.9	194.1	192.2	190.6
Operating EBITDA	38.7	34.5	36.4	36.7	38.0
Operating EBITDA margin	19%	17%	19%	19%	20%
OneRoof					
External customers revenue	20.8	27.1	29.8	32.9	36.9
Operating EBITDA	-1.4	2.7	4.5	6.7	10.2
Operating EBITDA margin	-7%	10%	15%	20%	28%

Balance Sheet (NZ$m)	2023A	2024A	2025E	2026E	2027E
Working capital	1.3	(0.4)	1.1	1.2	2.4
Fixed assets	20.3	18.2	15.8	13.9	12.4
Intangibles	142.4	115.8	111.4	109.4	106.4
Right of use asset	58.2	54.7	49.8	45.1	40.5
Other assets	13.7	17.2	17.2	17.2	17.2
Total funds employed	**236.0**	**205.5**	**195.3**	**186.8**	**179.0**
Net debt/(cash)	18.0	24.1	27.4	24.9	22.7
Lease liability	84.7	79.8	72.4	64.4	55.8
Other liabilities	13.5	14.1	14.1	14.1	14.1
Shareholder's funds	119.9	87.6	81.5	83.3	86.4
Minority interests	-	-	-	-	-
Total funding sources	**236.0**	**205.5**	**195.3**	**186.8**	**179.0**

* 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

1H25 result summary

NZM's 1H25 result reflected the still-difficult economy and industry backdrop. Operating EBITDA rose +12% to NZ$23.9m on operating revenue down -3% year-over-year to NZ$163.5m. The result was shaped by: (1) soft trading conditions; (2) the decision to exit low-margin advertising; (3) the closure of several community publications; and (4) cost-out efforts. NZM declared a fully imputed interim dividend of 3cps. Net debt at balance date was NZ$33.3m, equating to 0.9x EBITDA—the top end of the Board's targeted 0.5x–1.0x range—with management expecting leverage to track towards the low end by FY25. Non-recurring costs of NZ$5.2m were modestly above forecast. Progress on the NZ$12m cost-out programme (NZ$4m from the newsroom restructure and NZ$8m from new initiatives announced at the ASM) saw NZ$2m flow into 2Q25 earnings.

Key points divisionally from 1H25:

- **Audio:** Sales were up +1% from 1H24 to NZ$57.1m. Digital revenue growth slowed materially to just +6% in 1H25, after growing >+20% in FY23 and FY24. Segment operating costs were down -3% from 1H24, enabling a solid +26% improvement in operating EBITDA to NZ$5.7m.
- **Publishing:** Total revenue declined -6% from 1H24 to NZ$93.5m, reflecting: (1) the closure of several community publications (net impact of -NZ$2.8m, partially offset by acquisitions of Sun Media and Gisborne Herald); (2) lower physical print subscription revenue and retail sales; and (3) a -9% decline in digital advertising revenue, partially driven by a deliberate decision to 'deprioritise low-yielding digital performance marketing'. This was offset by a -8% decline in operating expenses, with operating EBITDA improving +5% to NZ$15.4m.
- **OneRoof:** Revenue grew +5% from 1H24 to NZ$14.5m, as a +22% increase in digital revenue was partially offset by a -18% fall in print revenue. Yield on listings improved +8% while market listings were broadly flat. Operating EBITDA grew +52% off a low base in 1H24 to NZ$1.6m.

Figure 1. 1H25 results analysis

NZ$m	1H24	1H25	Change
Revenue (from external customers)	168.3	163.6	-3%
Finance and other income	3.0	2.4	-19%
Total revenue and other income	**171.3**	**165.9**	**-3%**
Opex	(150.5)	(147.0)	-2%
EBITDA	**20.7**	**18.9**	**-9%**
Total depreciation and amortisation	(14.0)	(15.7)	+12%
Share of JV and associates net loss after tax	(0.2)	-	n/a
EBIT	6.6	3.2	-51%
Net interest	(3.7)	(3.6)	-4%
Pre-Tax Profit	2.8	(0.3)	n/a
Taxation	(1.0)	(0.1)	-93%
Profit / (loss) for the year	**1.9**	**(0.4)**	**n/a**
Operating EBITDA	**21.4**	**23.9**	**+12%**

Source: Company, Forsyth Barr analysis

Earnings revisions

Management expects FY25 operating EBITDA to be between NZ$57m and NZ$59m, -4% behind our prior NZ$60.7m estimate at the midpoint. We cut our FY25 estimate by -4% to NZ$58.3m, with revenue declines partially offset by lower cost assumptions. NZM's guidance does not assume any significant economic improvements over the remaining ~four months of the year, which we see as prudent given ongoing delays in NZ's economic recovery. However, management reiterated that the 'full impact of cost reductions will be seen in the second half'.

In the medium term, our operating EBITDA estimate falls -3% in FY26 but rises +2% in FY27 as we factor in stronger cost control than previously assumed.

We leave our dividend forecasts unchanged, as management noted the full-year dividend is likely to be similar to FY24 (NZ9cps), in line with our expectations.

Figure 2. Earnings revisions

	FY24E	FY25E			FY26E			FY27E		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (from external customers)	345.9	352.6	338.5	-4%	356.5	340.9	-4%	357.5	342.6	-4%
Finance and other income	4.7	5.1	5.1	+0%	5.2	5.2	+0%	5.3	5.3	+0%
Total revenue and other income	**350.6**	**357.6**	**343.5**	**-4%**	**361.6**	**346.1**	**-4%**	**362.7**	**347.9**	**-4%**
Opex	(300.5)	(301.5)	(290.9)	-4%	(299.0)	(285.4)	-5%	(300.5)	(284.9)	-5%
EBITDA	**50.1**	**56.1**	**52.6**	**-6%**	**62.7**	**60.7**	**-3%**	**62.3**	**63.0**	**+1%**
Total depreciation and amortisation	(29.9)	(30.5)	(31.5)	+3%	(28.3)	(29.2)	+3%	(29.5)	(30.3)	+3%
Share of JV and associates net loss after tax	(0.2)	(0.2)	(0.2)	n/a	(0.2)	(0.2)	n/a	(0.2)	(0.2)	n/a
EBIT	**(4.7)**	**25.4**	**20.9**	**-18%**	**34.2**	**31.3**	**-9%**	**32.6**	**32.4**	**-0%**
Net interest	(7.8)	(6.7)	(6.7)	+1%	(5.8)	(5.5)	-6%	(5.3)	(4.9)	-7%
Pre-Tax Profit	**(12.5)**	**18.7**	**14.2**	**-24%**	**28.3**	**25.8**	**-9%**	**27.3**	**27.5**	**+1%**
Taxation	(3.5)	(5.2)	(4.0)	-24%	(7.9)	(7.2)	-9%	(7.6)	(7.7)	+1%
Profit / (loss) for the year	**(16.0)**	**13.5**	**10.2**	**-24%**	**20.4**	**18.6**	**-9%**	**19.7**	**19.8**	**+1%**
Operating EBITDA	**54.2**	**60.7**	**58.3**	**-4%**	**62.3**	**60.7**	**-3%**	**61.9**	**63.0**	**+2%**
DPS (cents per share)	9.0	9.0	9.0	+0%	9.0	9.0	+0%	9.0	9.0	+0%

Source: Forsyth Barr analysis

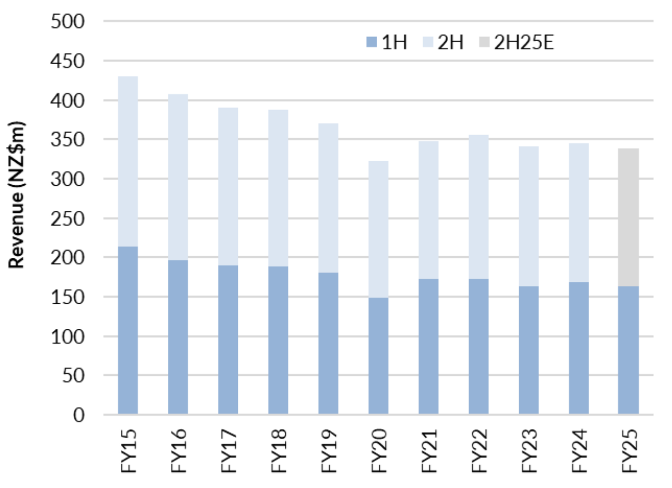
Figure 3. Segmental earnings split

	FY23 Actual NZ$m	FY24 Actual NZ$m	FY25 Estimate NZ$m	FY26 Estimate NZ$m	FY27 Estimate NZ$m
Audio	113.3	116.0	117.1	118.4	117.7
Publishing	204.3	199.9	194.1	192.2	190.6
OneRoof	20.8	27.1	29.8	32.9	36.9
Corporate	2.4	2.8	2.2	2.2	2.3
Revenue from external customers	**340.8**	**345.9**	**343.1**	**345.7**	**347.5**
Audio	23.3	21.9	23.6	24.0	21.8
Publishing	38.7	34.5	36.4	36.7	38.0
OneRoof	(1.4)	2.7	4.5	6.7	10.2
Corporate/ other	(4.5)	(5.0)	(6.2)	(6.7)	(7.1)
Operating EBITDA	**56.1**	**54.2**	**58.3**	**60.7**	**63.0**

Source: Forsyth Barr analysis

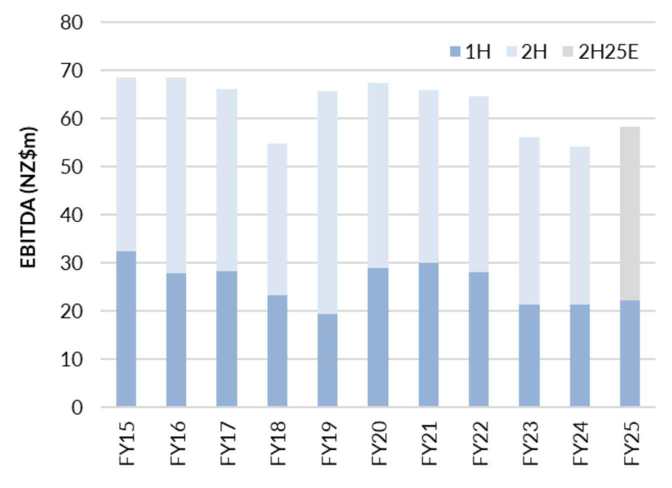
Key charts—Financial metrics

Figure 4. NZM—Operating revenue and 2H25 estimate



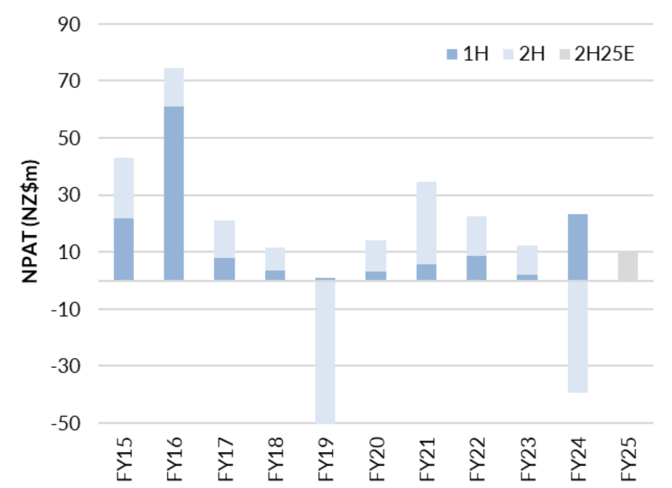
Source: Forsyth Barr analysis

Figure 5. NZM—Operating EBITDA and 2H25 estimate



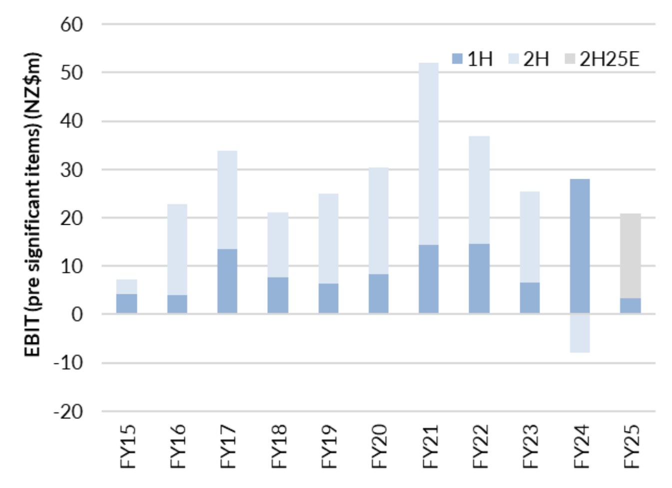
Source: Forsyth Barr analysis

Figure 6. NZM—NPAT and 2H25 estimate



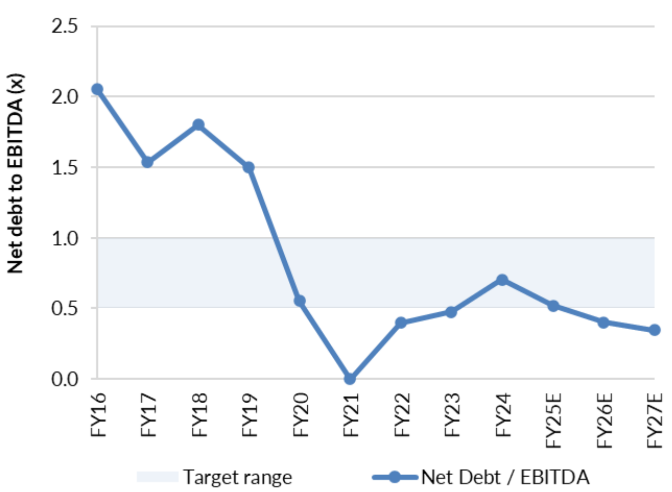
Source: Forsyth Barr analysis

Figure 7. NZM—EBIT (pre significant items) and 2H25 estimate



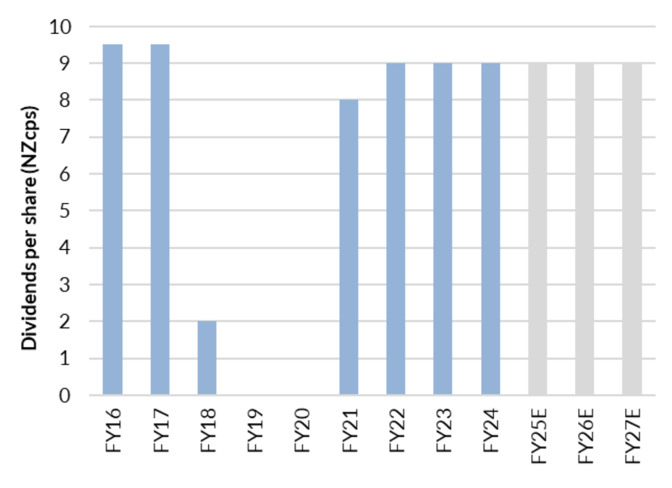
Source: Forsyth Barr analysis

Figure 8. NZM—Net debt to EBITDA (pre NZ IFRS 16)



Source: Company, Forsyth Barr analysis
Target = 0.5 — 1.0 Net debt to EBITDA multiple

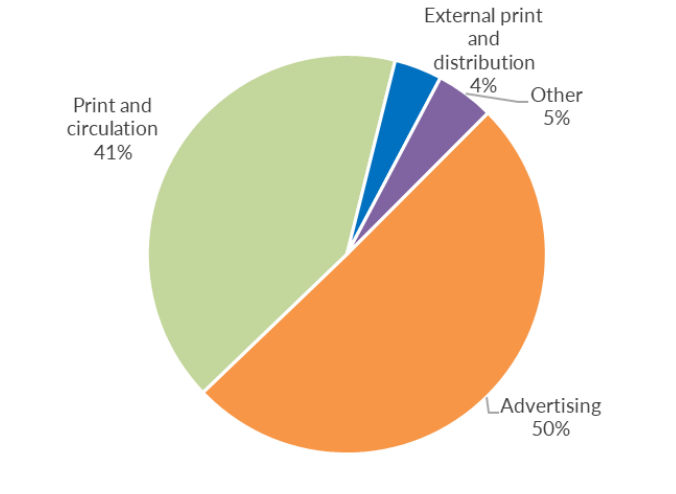
Figure 9. NZM—Dividends



Source: Company, Forsyth Barr analysis

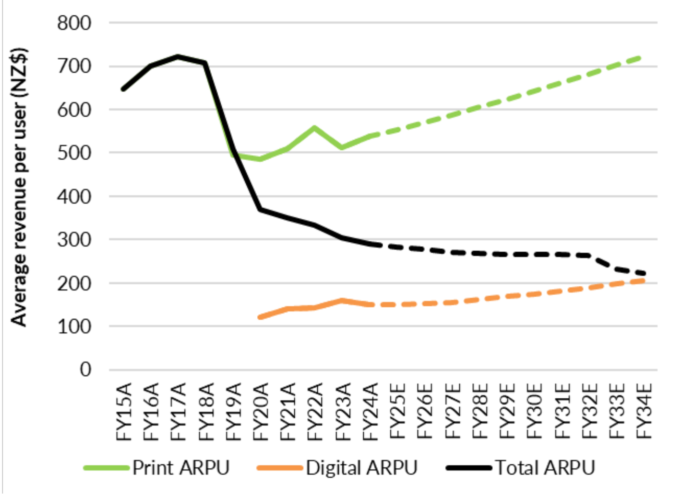
Key charts—Operating metrics

Figure 10. Publishing—Revenue split (FY25E)



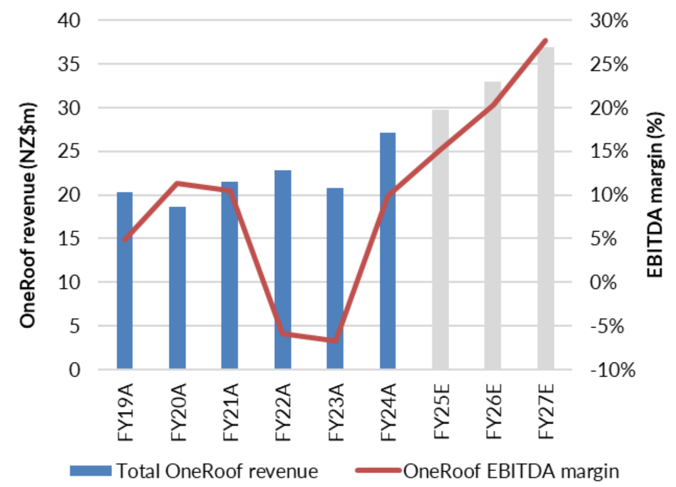
Source: Company, Forsyth Barr analysis

Figure 11. Publishing—ARPU for Print/Digital



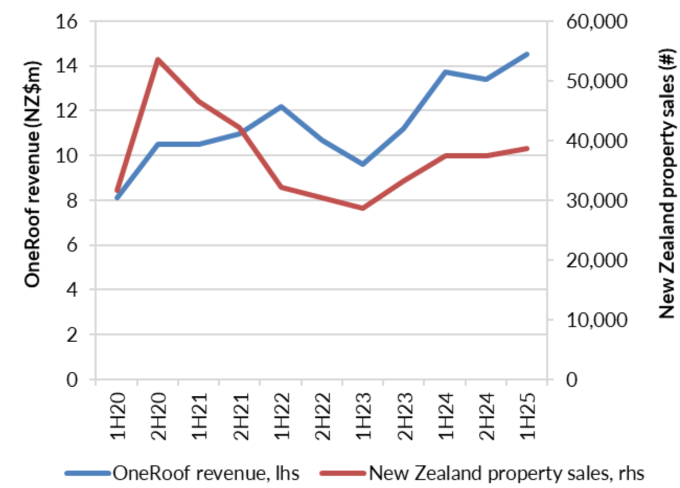
Source: Company, Forsyth Barr analysis

Figure 12. OneRoof—Revenues and EBITDA margin



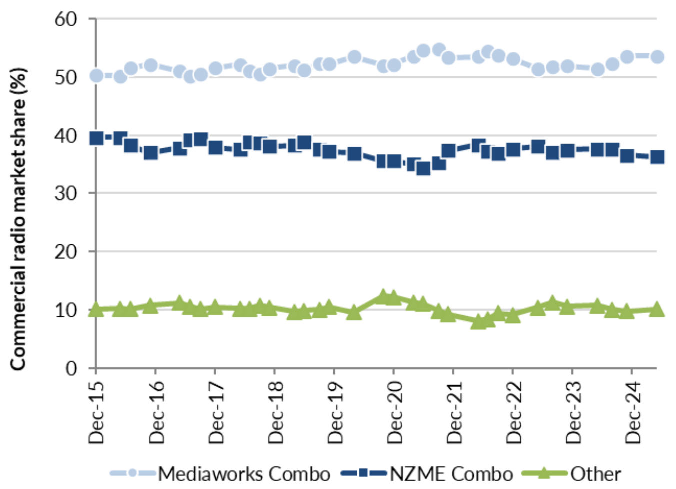
Source: Forsyth Barr analysis

Figure 13. OneRoof—Revenues vs NZ property sales



Source: REINZ, company data, Forsyth Barr analysis

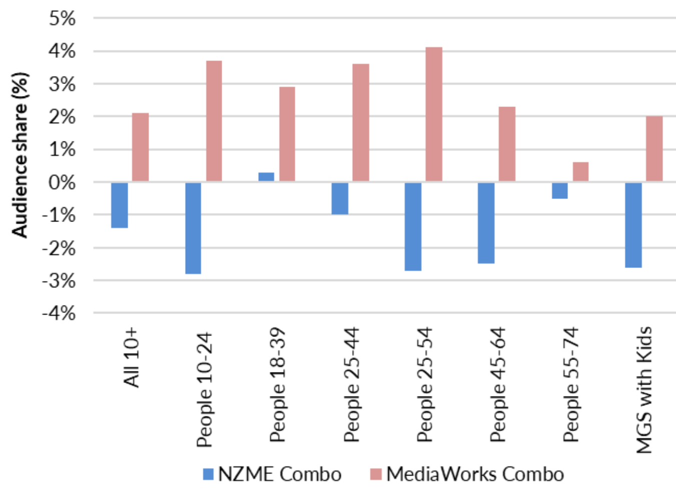
Figure 14. Audio—Audience share of NZ radio by owner (%)



Source: GfK, Forsyth Barr analysis

* Station Share (%) by Demographic... Mon-Sun 12mn-12mn... All 10+ share

Figure 15. Audio—Year change in audience share (May 2025)*

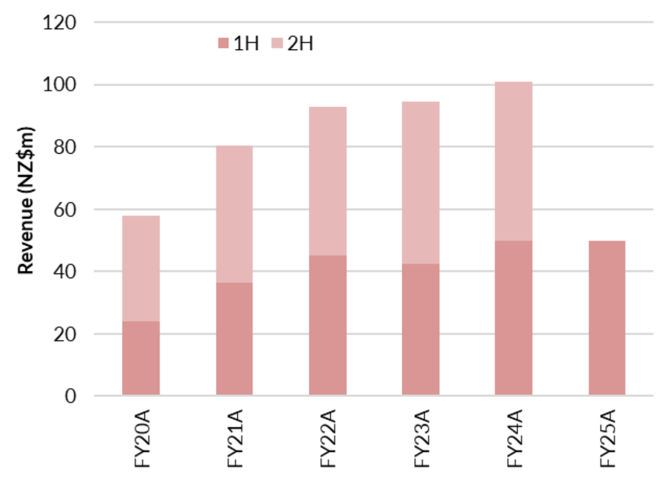


Source: GfK, Forsyth Barr analysis

* Station Share (%) by Demographic... Mon-Sun 12mn-12mn... All 10+ share

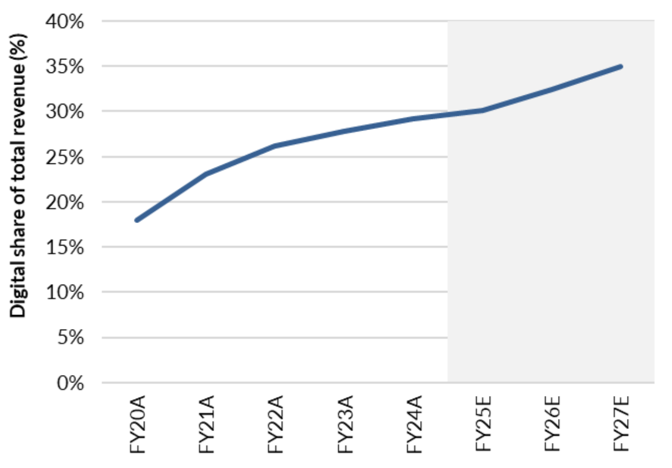
Key charts—Digitisation progress metrics

Figure 16. NZM—Total digital revenue (half years)



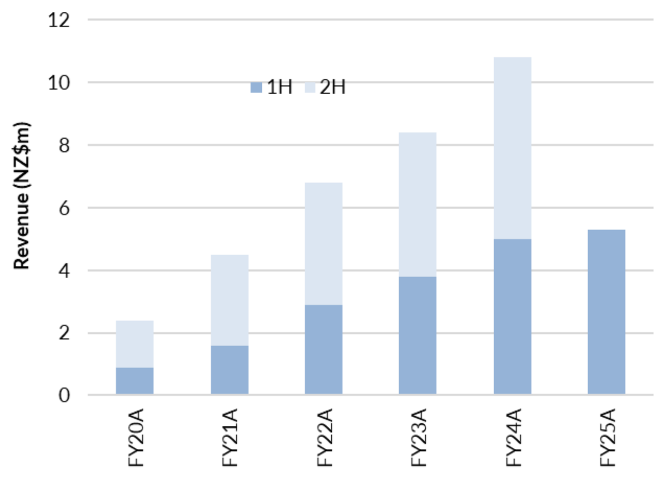
Source: Company, Forsyth Barr analysis

Figure 17. NZM—Digital share of total revenue



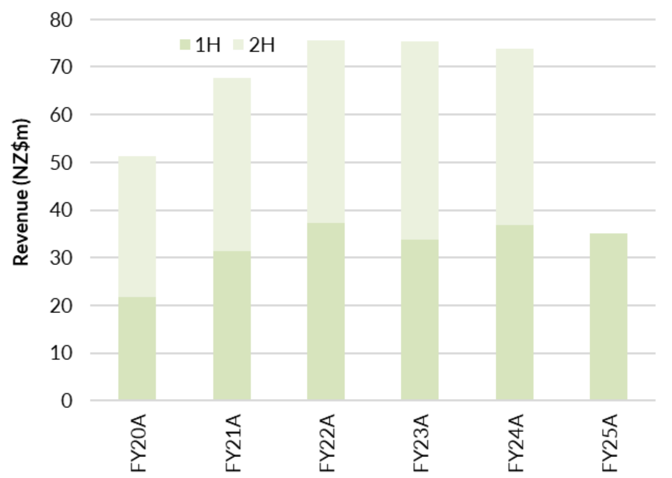
Source: Company, Forsyth Barr analysis

Figure 18. NZM—Digital Audio revenue (half years)



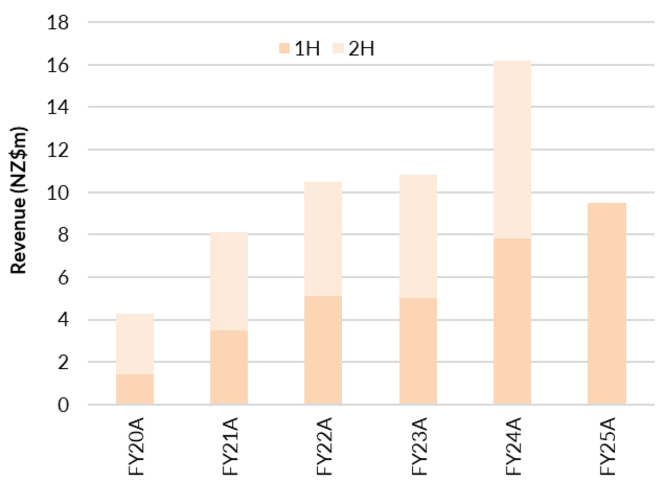
Source: Company, Forsyth Barr analysis

Figure 19. NZM—Digital Publishing revenue (half years)



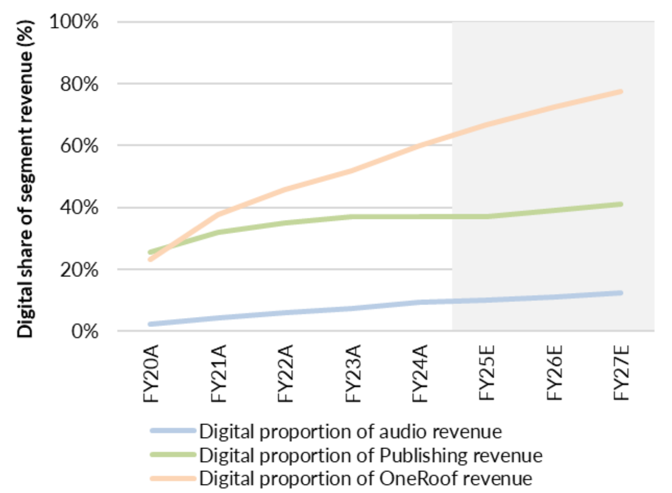
Source: Company, Forsyth Barr analysis

Figure 20. NZM—Digital OneRoof revenue (half years)



Source: Company, Forsyth Barr analysis

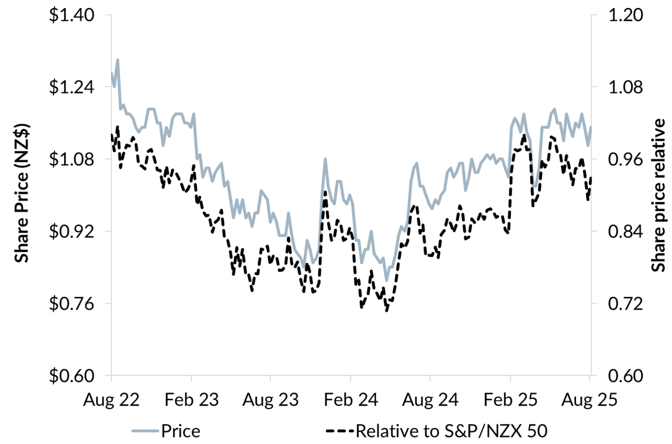
Figure 21. NZM—Digital share of segment revenues over time



Source: Company, Forsyth Barr analysis

Additional data

Figure 22. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 23. Substantial shareholders

Shareholder	Latest Holding
Spheria	19.0%
James T Grenon	13.0%
Pinnacle	10.9%
Osmium Partners	5.6%
Nomura	5.3%

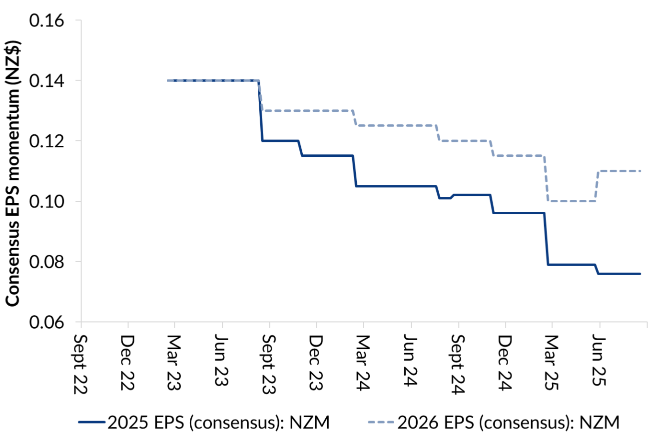
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 24. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
			(m)	1yr	2yr	1yr	2yr	1yr	2yr	1yr
NZME	**NZM NZ**	**NZ$1.15**	**NZ$216**	**11.7x**	**10.7x**	**5.8x**	**5.6x**	**11.2x**	**10.4x**	**8.0%**
Nine Entertainment	NEC AT	A$1.72	A$2,720	15.3x	14.1x	7.5x	7.0x	11.0x	10.1x	4.9%
Seven West Media	SWM AT	A$0.15	A$227	3.8x	4.0x	5.5x	5.6x	7.4x	7.5x	0.7%
New York Times	NYT US	US$59.56	US$9,697	24.7x	22.0x	15.1x	13.5x	17.2x	15.1x	1.3%
Reach	RCH LN	£73.40	£234	>75x	>75x	2.6x	2.6x	3.1x	3.1x	0.1%
Gannett	GCI US	US$4.03	US$591	39.1x	18.9x	6.6x	6.5x	19.4x	17.6x	0.0%
Arn Media	A1N AT	A$0.49	A$153	7.0x	6.2x	7.6x	7.4x	16.9x	16.1x	8.0%
Southern Cross Media Group	SXL AT	A$0.82	A$196	10.2x	8.9x	7.5x	7.4x	12.6x	12.0x	6.7%
Sirius XM Holdings	SIRI US	US$23.08	US$7,772	7.8x	7.3x	7.2x	7.2x	10.2x	10.0x	4.9%
Cumulus Media	CMLS US	US$0.16	US$3	<0x	<0x	12.2x	9.9x	>75x	38.5x	0.0%
Domain Holdings Australia	DHG AT	A$4.42	A$2,801	40.6x	36.8x	18.5x	16.9x	25.0x	22.5x	1.6%
REA GROUP	REA AT	A$254.14	A$33,576	49.5x	42.3x	30.0x	26.1x	34.8x	30.0x	1.2%

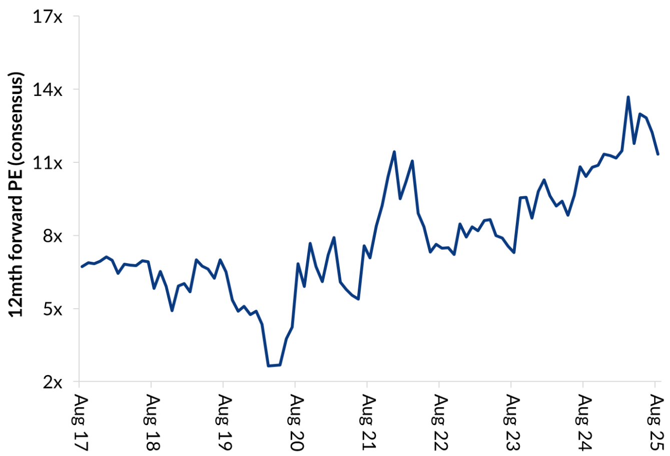
Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 25. Consensus EPS momentum (NZ$)



Source: Bloomberg, Forsyth Barr analysis

Figure 26. Consensus one year forward PE (x)



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

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