

NZME Limited

Guidance Shows Cost Control & Green Shoots

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NZME (NZM) has upgraded FY25 operating EBITDA guidance to NZ\$59m–NZ\$62m (from NZ\$57m–NZ\$59m), reflecting execution of previously guided cost-control initiatives and better-than-expected sales performance in what remains a weak advertising market. We understand improving revenue traction is broad based across its divisions, adding further evidence that a broader NZ macro recovery is under way. The midpoint of NZM's new guidance range implies +12% operating EBITDA growth against FY24, with the full benefit of a ~NZ\$12m annualised cost-saving programme supporting further growth into FY27. While advertising remains cyclical and the macro backdrop is uncertain, NZM's steady execution supports incremental margin recovery and reinforces its dividend-paying profile. Our blended spot valuation lifts +3% to NZ\$1.19.

NZX code	NZM	Financials: Dec/	24A	25E	26E	27E	Valuation (x)	24A	25E	26E	27E
Share price	NZ\$1.12	Rev (NZ\$m)	350.6	347.4	350.5	352.8	PE	16.0	17.6	10.7	10.0
Spot Valuation	NZ\$1.19 (from 1.15)	NPAT* (NZ\$m)	13.1	18.0	19.7	21.0	EV/EBIT	n/a	10.7	9.4	9.1
Risk rating	Medium	EPS* (NZc)	7.0	6.4	10.5	11.2	EV/EBITDA	5.8	5.1	5.0	4.8
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\$210m	Imputation (%)	100	100	100	100	Cash div yld (%)	8.0	8.0	8.0	8.0
Avg daily turnover	139.7k (NZ\$158k)	*Based on normalised profits					Gross div yld (%)	11.2	11.2	11.2	11.2

What's changed?

- **Earnings:** Operating EBITDA rises +4%/+3%/+3% in FY25/FY26/FY27 respectively.
- **Spot valuation:** Lifts +3% to NZ\$1.19 on increased medium-term revenue, partially offset by a derating in peer multiples.

Revenue lifts, cost discipline holds

We understand improved revenue performance was the key driver of NZM's guidance upgrade, with uplifts broad based across all segments. NZM's prior guidance already accounted for a full annualised NZ\$12m of cost savings in 2H25, which were signalled at the interim results. However, this upgrade confirms execution of cost-discipline initiatives and improved leverage in the business, and provides further evidence to support the beginnings of a potential cyclical recovery in NZ.

Earnings trajectory improving

The revised midpoint of NZM's guidance (NZ\$60.5m) is +12% ahead of the NZ\$54.2m reported in FY24. We see modest upside risk to guidance if the advertising cycle continues to recover across 4Q25, but note NZM likely has solid visibility into forward bookings with ~two months remaining in FY25. We continue to expect NZM to pay NZ9cps of fully imputed dividends for FY25, underlining the company's confidence in earnings sustainability and cash generation. At NZ\$1.15, NZM trades on 11x FY26 PE and a gross yield of 11%, reflecting steady operational execution and solid cost-management efforts in a challenging operating environment. We view this as modestly attractive considering the broader structural headwinds facing parts of the business.

OneRoof steady but strategic patience continues

We expect a rebound in 2H25 OneRoof revenue growth after it slowed to just +5% year on year in 1H25, with NZ residential property data supportive of a reacceleration in growth. Housing turnover has recovered to historically normalised levels, while new listing volumes continue to track higher. We forecast +11% revenue growth and NZ\$4.7m of EBITDA for OneRoof in FY26, supported by higher listing volumes and improved monetisation metrics.

NZME Limited (NZM)

Market Data (NZ\$)

Priced as at 29 Oct 2025	1.12
52 week high / low	1.21 / 1.01
Market capitalisation (NZ\$m)	210.4

Carbon and ESG (CESG)**

CESG rating	n/a
CESG score	n/a
Sector average CESG score	n/a
NZ average CESG score	n/a

Spot valuation (NZ\$)

Peers comparable	1.35
DCF	1.21
Dividend Discount Model	0.97

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	347.4	350.5	352.8
Normalised EBITDA	56.2	54.2	60.7	62.2	64.6
Depreciation and amortisation	(28.6)	(29.9)	(31.5)	(29.2)	(30.4)
Normalised EBIT	27.6	24.3	29.2	33.0	34.2
Net interest	(7.7)	(7.4)	(6.4)	(5.4)	(4.8)
Associate income	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)
Tax	(5.6)	(3.5)	(4.6)	(7.7)	(8.2)
Minority interests	-	-	-	-	-
Normalised NPAT	13.8	13.1	18.0	19.7	21.0
Abnormals/other	(1.6)	(29.2)	(6.1)	-	-
Reported NPAT	12.2	(16.0)	11.9	19.7	21.0
Normalised EPS (cps)	6.7	7.0	6.4	10.5	11.2
DPS (cps)	9.0	9.0	9.0	9.0	9.0

Growth Rates	2023A	2024A	2025E	2026E	2027E
Revenue (%)	-5.0	0.9	-0.9	0.9	0.6
EBITDA (%)	-13.1	-3.6	12.0	2.4	3.8
EBIT (%)	-27.4	n/a	n/a	12.9	3.7
Normalised NPAT (%)	-40.0	-4.6	37.2	9.5	6.4
Normalised EPS (%)	-45.8	4.4	-9.0	65.1	6.4
Ordinary DPS (%)	0.0	0.0	0.0	0.0	0.0

Cash Flow (NZ\$m)	2023A	2024A	2025E	2026E	2027E
EBITDA	56.2	54.2	60.7	62.2	64.6
Working capital change	0.6	1.7	(1.4)	(0.6)	(1.3)
Interest & tax paid	(19.3)	(11.3)	(11.4)	(13.4)	(13.4)
Other	4.0	(6.7)	(6.1)	-	-
Operating cash flow	41.5	37.9	41.8	48.2	50.0
Capital expenditure	(11.0)	(12.7)	(11.9)	(12.5)	(13.1)
(Acquisitions)/divestments	-	-	-	-	-
Other	(13.1)	(13.8)	(15.0)	(15.8)	(16.6)
Funding available/(required)	17.4	11.3	14.9	19.9	20.2
Dividends paid	(16.6)	(16.8)	(16.9)	(16.9)	(16.9)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	0.8	(5.5)	(2.0)	3.0	3.3

Balance Sheet (NZ\$m)	2023A	2024A	2025E	2026E	2027E
Working capital	1.3	(0.4)	1.0	1.6	2.9
Fixed assets	20.3	18.2	15.8	14.0	12.6
Intangibles	142.4	115.8	111.5	109.5	106.6
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	195.4	187.4	179.8
Net debt/(cash)	18.0	24.1	25.7	22.7	19.5
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	83.2	86.2	90.5
Minority interests	-	-	-	-	-
Total funding sources	236.0	205.5	195.4	187.4	179.8

* 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

Valuation Ratios	2023A	2024A	2025E	2026E	2027E
EV/Sales (x)	0.9	0.9	0.9	0.9	0.9
EV/EBITDA (x)	5.6	5.8	5.1	5.0	4.8
EV/EBIT (x)	11.7	n/a	10.7	9.4	9.1
PE (x)	16.7	16.0	17.6	10.7	10.0
Price/NTA (x)	n/a	n/a	n/a	n/a	n/a
Free cash flow yield (%)	8.2	5.4	7.1	9.5	9.6
Adj. free cash flow yield (%)	8.2	5.4	7.1	9.5	9.6
Net dividend yield (%)	8.0	8.0	8.0	8.0	8.0
Gross dividend yield (%)	11.2	11.2	11.2	11.2	11.2

Capital Structure	2023A	2024A	2025E	2026E	2027E
Interest cover EBIT (x)	3.5	n/a	4.6	6.1	7.0
Interest cover EBITDA (x)	7.3	7.3	9.5	11.6	13.4
Net debt/ND+E (%)	13.6	22.0	24.1	21.3	18.1
Net debt/EBITDA (x)	0.3	0.4	0.4	0.4	0.3

Key Ratios	2023A	2024A	2025E	2026E	2027E
Return on assets (%)	9.3	-0.2	12.0	14.0	15.0
Return on equity (%)	12.0	15.4	22.2	23.5	23.8
Return on funds employed (%)	5.5	6.1	9.0	10.3	11.4
EBITDA margin (%)	16.2	15.5	17.5	17.7	18.3
EBIT margin (%)	7.8	-0.2	8.4	9.3	9.6
Capex to sales (%)	3.2	3.6	3.4	3.6	3.7
Capex to depreciation (%)	-56	-69	-63	-68	-73
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	135	129	142	86	81

Operating Performance	2023A	2024A	2025E	2026E	2027E
Audio					
External customers revenue	113.3	116.0	118.5	119.9	119.3
Operating EBITDA	23.3	21.9	24.6	24.1	21.9
Operating EBITDA margin	21%	19%	21%	20%	18%

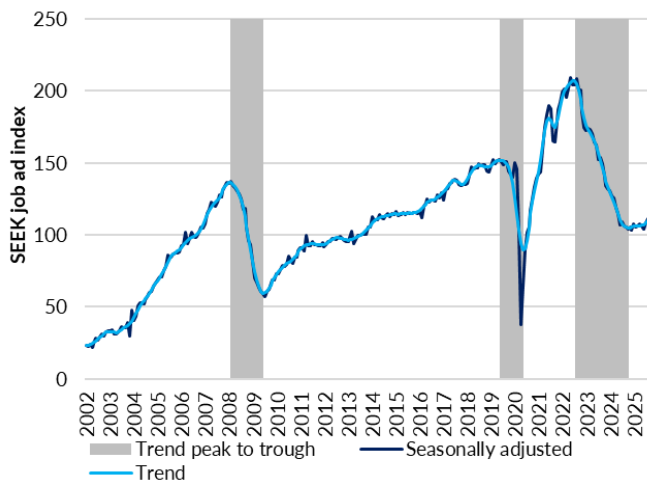
Publishing					
External customers revenue	204.3	199.9	196.2	194.7	193.5
Operating EBITDA	38.7	34.5	37.6	38.1	39.7
Operating EBITDA margin	19%	17%	19%	20%	21%

OneRoof					
External customers revenue	20.8	27.1	30.1	33.3	37.4
Operating EBITDA	-1.4	2.7	4.7	6.7	10.1
Operating EBITDA margin	-7%	10%	15%	20%	27%

Green shoots recovery underway?

NZM's guidance upgrade adds to the building evidence of a potential macro recovery in NZ, with several recent data points providing increased confidence that the economic outlook is turning more positive. We see a lift in year-to-date housing turnover as positive for OneRoof, with turnover continuing to trend up from 2023 lows, now +4% ahead of the long-run median level. New listing data (realestate.co.nz) suggest total new listings are continuing to trend higher from 2023 troughs, lifting for the third consecutive month in September 2025 (three-month rolling). More broadly, job-ad data lifted ~+1% month on month for the fourth consecutive month in September 2025, following a significant period of declines, and core retail card spend has trended positively, with a fourth consecutive year-on-year increase on a three-month rolling basis in September.

Figure 1. Job ad data looks to have turned a corner



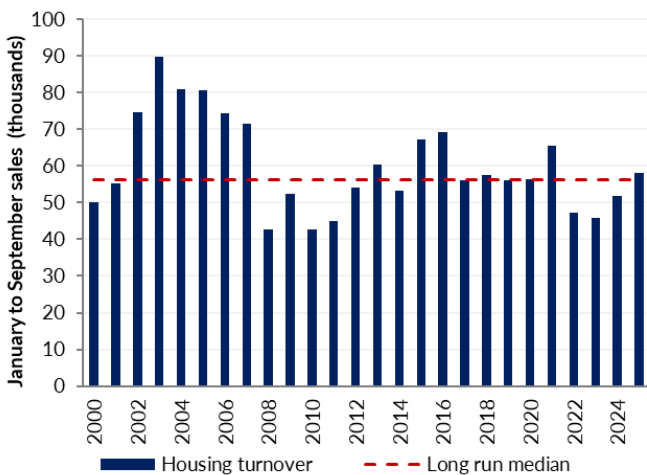
Source: SEEK, Forsyth Barr analysis

Figure 2. New property listings continue to trend up



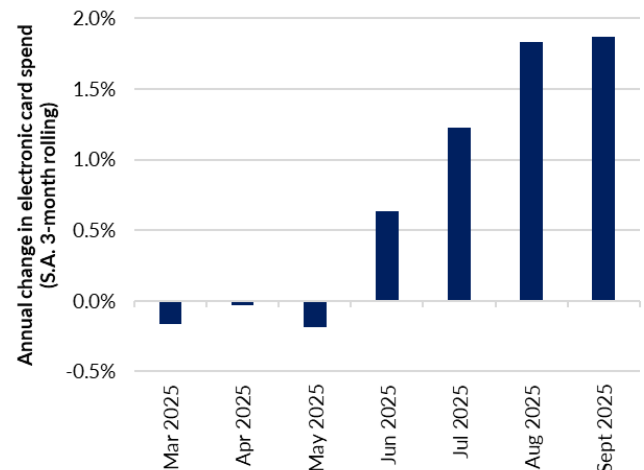
Source: realestate.co.nz, Forsyth Barr analysis

Figure 3. Year-to-date housing turnover has improved



Source: REINZ, Forsyth Barr analysis

Figure 4. Core retail spending has shown positive signs recently



Source: Stats NZ, Forsyth Barr analysis

Interest rates surprise to the downside, further supporting economic activity

Interest-rate expectations have lowered materially subsequent to NZM's 30 June 2025 1H balance date, with a cumulative -75 bp of OCR cuts between August and October 2025, taking the rate to 2.5%. A more dovish RBNZ and weaker-than-expected 2Q25 GDP print (falling -0.9% quarter on quarter versus expectations for -0.3%) have reset expectations. The market is now pricing an OCR trough of ~2.25% over 2026, versus prior expectations for an August 2026 trough of 2.75% to 3.00%.

Earnings revisions

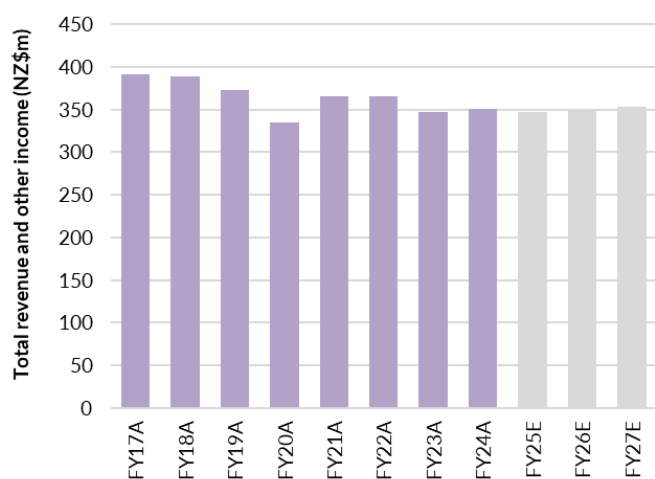
We make revisions to our earnings estimates following NZM's guidance update. We lift our medium-term revenue forecast over the forecast horizon, reflecting improved confidence in near-term revenue growth. Our revised FY25 underlying EBITDA estimate lifts +NZ\$2.4m, sitting just above the midpoint of NZM's new guidance range.

Figure 5. Earnings revisions

	FY24E	FY25E			FY26E			FY27E		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (from external customers)	345.9	338.5	342.3	+1%	340.9	345.3	+1%	342.6	347.5	+1%
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	343.5	347.4	+1%	346.1	350.5	+1%	347.9	352.8	+1%
Opex	(300.5)	(290.9)	(292.3)	+0%	(285.4)	(288.3)	+1%	(284.9)	(288.2)	+1%
EBITDA	50.1	52.6	55.0	+5%	60.7	62.2	+3%	63.0	64.6	+3%
Total depreciation and amortisation	(29.9)	(31.5)	(31.5)	+0%	(29.2)	(29.2)	+0%	(30.3)	(30.4)	+0%
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 (before significant items)	20.0	20.9	23.3	+11%	31.3	32.8	+5%	32.4	34.0	+5%
Significant items	(24.7)	-	-		-	-		-	-	
EBIT	(4.7)	20.9	23.3	+11%	31.3	32.8	+5%	32.4	34.0	+5%
Net interest	(7.8)	(6.7)	(6.7)	+0%	(5.5)	(5.4)	-2%	(4.9)	(4.8)	-1%
Profit / (loss) from discontinued operations	-	-	-		-	-		-	-	
Pre-Tax Profit	(12.5)	14.2	16.6	+17%	25.8	27.4	+6%	27.5	29.1	+6%
Taxation	(3.5)	(4.0)	(4.6)	+17%	(7.2)	(7.7)	+6%	(7.7)	(8.2)	+6%
Profit / (loss) for the year	(16.0)	10.2	11.9	+17%	18.6	19.7	+6%	19.8	21.0	+6%
Operating EBITDA	54.2	58.3	60.7	+4%	60.7	62.2	+3%	63.0	64.6	+3%
DPS (cents per share)	9.0	9.0	9.0	+0%	9.0	9.0	+0%	9.0	9.0	+0%

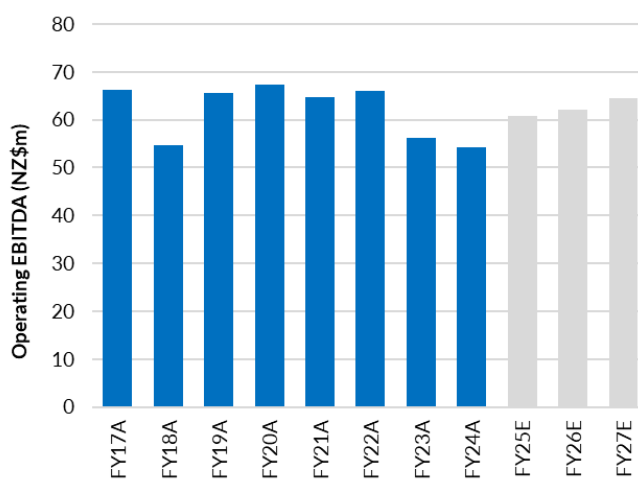
Source: Forsyth Barr analysis

Figure 6. NZM—Total revenue and other income



Source: Company, Forsyth Barr analysis

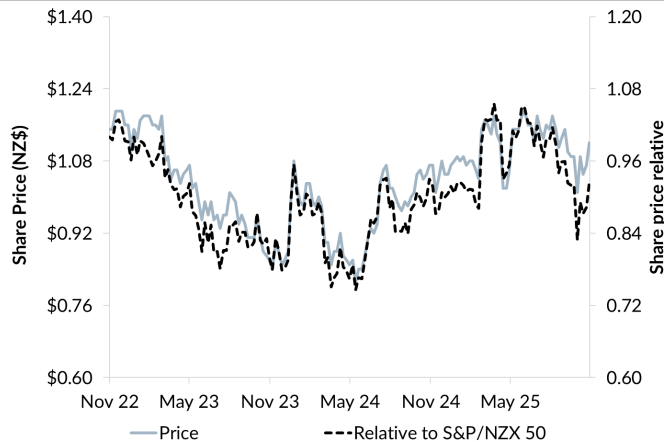
Figure 7. NZM—Operating EBITDA



Source: Company, Forsyth Barr analysis

Additional data

Figure 8. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 9. Substantial shareholders

Shareholder	Latest Holding
Spheria Asset Management	19.0%
James T. Grenon	18.5%
Pinnacle Investment Management Group	10.9%
Osmium Partners	5.6%

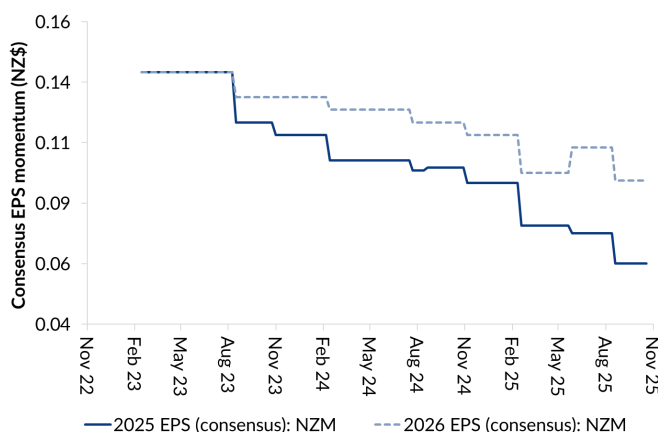
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 10. 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\$1.12	NZ\$210	12.3x	11.0x	5.8x	5.7x	11.3x	10.9x	8.0%
Nine Entertainment	NEC AT	A\$1.19	A\$1,883	12.0x	10.6x	8.5x	8.0x	13.1x	12.1x	5.8%
Seven West Media	SWM AT	A\$0.14	A\$215	3.7x	3.6x	5.2x	5.3x	7.1x	7.2x	1.4%
New York Times	NYT US	US\$57.42	US\$9,349	23.2x	20.6x	14.3x	12.8x	16.0x	14.0x	1.3%
Gannett	GCI US	US\$4.07	US\$597	<0x	19.7x	6.6x	6.6x	18.7x	17.6x	0.0%
Arn Media	A1N AT	A\$0.56	A\$177	9.6x	8.8x	11.3x	10.9x	19.1x	18.4x	6.0%
Southern Cross Media Group	SXL AT	A\$0.83	A\$199	8.1x	7.7x	6.4x	6.4x	10.1x	10.0x	9.6%
Sirius XM Holdings	SIRI US	US\$21.40	US\$7,206	7.1x	6.8x	7.0x	7.0x	9.9x	9.7x	5.4%
Cumulus Media	CMLS US	US\$0.14	US\$2	<0x	<0x	11.6x	9.7x	>75x	33.8x	0.0%
REA GROUP	REA AT	A\$219.84	A\$29,045	41.7x	35.7x	25.3x	22.1x	29.4x	25.3x	1.5%

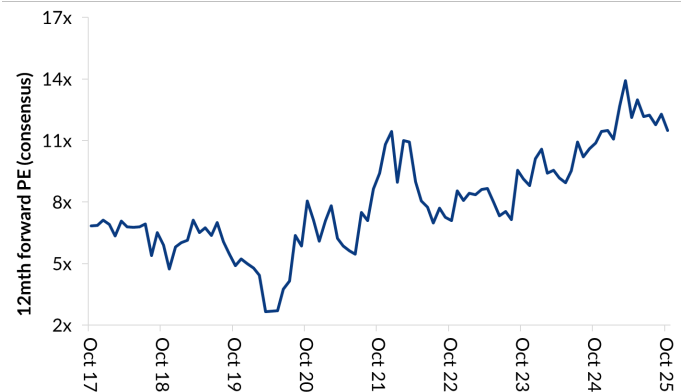
Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 11. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

Figure 12. Consensus one year forward PE (x)



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

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