

NZME Limited

Cost Out Carries the Tune in FY25

JAMES LINDSAY

 james.lindsay@forsythbarr.co.nz
 +64 9 368 0145

WILL TWISS

 will.twiss@forsythbarr.co.nz
 +64 9 368 0129

GEORGIO TOULIS

 georgio.toulis@forsythbarr.co.nz
 +64 9 918 9293

NZME (NZM) delivered a solid FY25 result, with operating EBITDA lifting +15% year on year to NZ\$62.3m—ahead of our NZ\$60.7m forecast and above FY26 guidance (NZ\$59m–NZ\$62m). The beat was cost-driven, with ~NZ\$12m of annualised restructuring savings and ongoing cost discipline offsetting a modest decline in revenue. Audio was the standout divisionally, with operating EBITDA up +23%. Publishing remained resilient, reporting operating EBITDA up +9%, while OneRoof growth was lower than expected—but still up +32%. Management struck a cautiously optimistic tone on FY26, citing early signs of recovery. The company is well positioned for FY26 with a strengthened balance sheet (NZ\$15.5m net debt at FY25, or ~0.3x EBITDA) and a reset cost base. NZM's stock is supported by: (1) an ~11% gross yield, which is comfortably covered by free cash flow (67% payout in FY25); and (2) the potential for continued uplift in OneRoof earnings. However, our blended spot valuation declines -2% to NZ\$1.16, reflecting lower peer comparables.

NZX code	NZM	Financials: Dec/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$1.17	Rev (NZ\$m)	345.6	355.5	357.8	358.9	PE	11.5	9.3	9.1	8.9
Spot Valuation	NZ\$1.16 (from 1.19)	NPAT* (NZ\$m)	19.1	23.7	24.1	24.7	EV/EBIT	10.1	7.8	7.6	7.5
Risk rating	Medium	EPS* (NZc)	10.2	12.6	12.8	13.1	EV/EBITDA	5.1	4.5	4.3	4.2
Issued shares	188.2m	DPS (NZc)	9.0	9.0	9.0	10.0	Price / NTA	n/a	n/a	n/a	n/a
Market cap	NZ\$220m	Imputation (%)	100	100	100	100	Cash div yld (%)	7.7	7.7	7.7	8.5
Avg daily turnover	180.0k (NZ\$206k)	*Based on normalised profits					Gross div yld (%)	10.7	10.7	10.7	11.9

What's changed?

- **Earnings:** Forecast operating EBITDA lifts +7%/+4%/+2% across FY26/FY27/FY28 respectively.
- **Spot valuation:** Declines -2% to NZ\$1.16, as lower peer comparables more than offset higher near-term earnings.

Cost discipline key in FY25

Disciplined cost control was the key theme in NZM's FY25 result, with strong operating EBITDA growth supported by a ~-4% (~NZ\$11m) reduction in group operating expenses. The reduction reflected: (1) ~NZ\$9m of realised cost savings from the restructuring completed in 1H25 (which incurred NZ\$5.8m of one-off costs); (2) the closure of several community publications; and (3) ongoing cost discipline. Management expects the full NZ\$12m of annualised restructuring savings to be realised in FY26.

Audio stands out, publishing shows resilience

Audio was the standout division. Operating revenue increased +5% year on year to NZ\$122.2m, ahead of expectations (FBe: NZ\$118.5m), reflecting an improved advertising backdrop and revenue share growth in 2H25. Operating costs declined -1% year on year, supporting improved operating leverage. Publishing revenue fell -6% to NZ\$28.5m (or -2% on a normalised basis, excluding closed community publications), while operating expenses declined -9%, underpinning continued operating EBITDA growth. Management expects advertising revenue to grow +3% year on year in 1Q26, primarily driven by continued Audio momentum

OneRoof momentum moderates

OneRoof revenue growth moderated in FY25 (+5% year on year to NZ\$28.5m) amid continued real estate market weakness. Digital revenue grew +19% (FY25: NZ\$19.2m), partially offset by a -17% decline in print revenues (FY25: NZ\$8.8m). Looking ahead, management is targeting three key growth drivers: (1) new listings growth (up +3% to 120k in FY25, but still 10% below the long-run average), primarily supported by an improving backdrop; (2) improved residential listing upgrades, targeting ~60% in Auckland (FY25: 43%) and ~40% ex Auckland (FY25: 24%) over two years, supported by progress on agency partnerships; and (3) yield improvement.

NZME Limited (NZM)

Market Data (NZ\$)						Spot valuation (NZ\$)					
Priced as at 24 Feb 2026						1.17					
52 week high / low						1.24 / 1.01					
Market capitalisation (NZ\$m)						220.2					
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					
Risk free rate						5.00%					
Equity beta						0.99					
WACC						11.1%					
Terminal growth						1.5%					
Profit and Loss Account (NZ\$m)						Valuation Ratios					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Revenue	350.6	345.6	355.5	357.8	358.9	EV/Sales (x)	0.9	0.9	0.8	0.8	0.8
Normalised EBITDA	54.2	62.3	66.5	67.2	68.5	EV/EBITDA (x)	6.0	5.1	4.5	4.3	4.2
Depreciation and amortisation	(29.9)	(31.0)	(28.2)	(29.0)	(30.0)	EV/EBIT (x)	n/a	10.1	7.8	7.6	7.5
Normalised EBIT	24.3	31.4	38.3	38.2	38.5	PE (x)	17.2	11.5	9.3	9.1	8.9
Net interest	(7.8)	(6.7)	(5.4)	(4.7)	(4.1)	Price/NTA (x)	n/a	n/a	n/a	n/a	52.2
Associate income	(0.2)	-	-	-	-	Free cash flow yield (%)	5.1	11.5	11.5	11.6	12.0
Tax	(3.5)	(5.6)	(9.2)	(9.4)	(9.6)	Adj. free cash flow yield (%)	5.1	11.5	11.5	11.6	12.0
Minority interests	-	-	-	-	-	Net dividend yield (%)	7.7	7.7	7.7	7.7	8.5
Normalised NPAT	12.8	19.1	23.7	24.1	24.7	Gross dividend yield (%)	10.7	10.7	10.7	10.7	11.9
Abnormals/other	(28.8)	(6.1)	-	-	-	Capital Structure					
Reported NPAT	(16.0)	13.1	23.7	24.1	24.7	Interest cover EBIT (x)	n/a	4.7	7.1	8.1	9.3
Normalised EPS (cps)	6.8	10.2	12.6	12.8	13.1	Interest cover EBITDA (x)	6.9	9.4	12.3	14.3	16.6
DPS (cps)	9.0	9.0	9.0	9.0	10.0	Net debt/ND+E (%)	22.0	16.1	7.5	-1.5	-9.6
Growth Rates						Net debt/EBITDA (x)					
Revenue (%)	0.9	-1.4	2.9	0.6	0.3	0.4	0.2	0.1	n/a	n/a	
EBITDA (%)	-3.6	15.0	6.7	1.1	1.8	Key Ratios					
EBIT (%)	n/a	n/a	22.1	-0.3	0.8	Return on assets (%)	-0.2	13.1	16.4	16.7	17.4
Normalised NPAT (%)	-7.2	50.0	23.7	1.8	2.6	Return on equity (%)	15.0	23.6	27.0	25.4	24.1
Normalised EPS (%)	1.5	50.0	23.5	1.8	2.6	Return on funds employed (%)	6.0	9.8	12.6	13.3	14.0
Ordinary DPS (%)	0.0	0.0	0.0	0.0	11.1	EBITDA margin (%)	15.5	18.0	18.7	18.8	19.1
Cash Flow (NZ\$m)						EBIT margin (%)					
EBITDA	54.2	62.3	66.5	67.2	68.5	-0.2	9.1	10.8	10.7	10.7	
Working capital change	1.7	1.7	(1.3)	(1.5)	(1.3)	Capex to sales (%)	3.6	3.1	3.0	3.2	3.3
Interest & tax paid	(12.3)	(7.9)	(14.6)	(14.1)	(13.7)	Capex to depreciation (%)	-69	-57	-59	-64	-69
Other	(5.7)	(5.7)	-	-	-	Imputation (%)	100	100	100	100	100
Operating cash flow	37.9	50.4	50.5	51.6	53.4	Pay-out ratio (%)	133	88	72	70	76
Capital expenditure	(12.7)	(10.7)	(10.7)	(11.3)	(11.8)	Operating Performance					
(Acquisitions)/divestments	-	-	-	-	-	2024A	2025A	2026E	2027E	2028E	
Other	(13.8)	(13.6)	(14.6)	(14.9)	(15.2)	Audio					
Funding available/(required)	11.3	26.1	25.3	25.5	26.4	External customers revenue	116.0	122.2	129.0	131.5	133.4
Dividends paid	(16.8)	(16.9)	(16.9)	(16.9)	(18.8)	Operating EBITDA	21.9	26.9	30.7	31.7	32.5
Equity raised/(returned)	-	-	-	-	-	Operating EBITDA margin	19%	22%	24%	24%	24%
(Increase)/decrease in net debt	(5.5)	9.2	8.4	8.6	7.6	Publishing					
Balance Sheet (NZ\$m)						External customers revenue					
Working capital	(0.4)	(2.1)	(0.8)	0.7	2.0	199.9	192.1	191.4	188.5	185.7	
Fixed assets	18.2	15.7	13.4	11.6	10.2	Operating EBITDA	34.5	37.6	36.6	35.1	34.8
Intangibles	115.8	110.2	107.1	103.2	98.5	Operating EBITDA margin	17%	20%	19%	19%	19%
Right of use asset	54.7	49.0	42.0	35.1	28.3	OneRoof					
Other assets	17.2	13.4	13.4	13.4	13.4	External customers revenue	27.1	28.5	32.4	35.0	37.0
Total funds employed	205.5	186.2	175.1	164.0	152.4	Operating EBITDA	2.7	3.6	5.0	6.2	7.1
Net debt/(cash)	24.1	15.5	7.1	(1.4)	(9.0)	Operating EBITDA margin	10%	13%	15%	18%	19%
Lease liability	79.8	71.7	62.2	52.5	42.6						
Other liabilities	14.1	15.7	15.7	15.7	13.7						
Shareholder's funds	87.6	83.3	90.1	97.2	105.1						
Minority interests	-	-	-	-	-						
Total funding sources	205.5	186.2	175.1	164.0	152.4						

* 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

FY25 result review

NZM reported a solid FY25 result despite challenging macroeconomic conditions persisting through much of the year. Operating EBITDA grew +15% year on year to NZ\$62.3m, above both our expectations (FBe: NZ\$60.7m) and FY26 guidance (NZ\$59m–NZ\$62m). The realisation of a full half of cost reduction initiatives in 2H25 and ongoing cost control were the key drivers, with operating expenses falling -4% year on year to NZ\$282.8m (FBe: NZ\$286.6m net of ~NZ\$5.7m exceptional items). At the topline, group operating revenue declined -1% to NZ\$341.3m (FBe: NZ\$342.3m), or lifted +1% normalising for lost revenue related to the closure of certain community publications in December 2024. NZM declared a fully imputed final dividend of NZ6cps (FBe: NZ6cps), taking full-year fully imputed dividends declared to NZ9cps. NZM's balance sheet is well positioned, with net debt at the FY25 balance date of NZ\$15.5m (~0.3x EBITDA), down from NZ\$24.1m at FY24.

Key points divisionally from FY25:

- **Audio:** Operating revenue lifted +5% year on year to NZ\$122.2m, above expectations (FBe: NZ\$118.5m), reflecting an improved audio advertising market and revenue share growth through 2H25. Digital revenue lifted +10% versus FY24 to NZ\$11.9m, and radio advertising revenue came in above expectations, up +4% to NZ\$108.9m (FBe: NZ\$104.7m). Segment operating costs were broadly flat at NZ\$95.3m (+1%), underpinning strong +23% growth in operating EBITDA to NZ\$26.9m (FBe: NZ\$24.6m).
- **Publishing:** Total revenue declined -6% from FY24 to NZ\$192.1m (FBe: NZ\$196.2m), reflecting: (1) the closure of community publications in December 2024; (2) the ongoing structural decline of print subscription and retail outlet sales; and (3) lower digital advertising driven by a temporary reduction in programmatic revenue and a deliberate reduction in digital revenues through low-margin channels. Normalising for community publication closures, segment operating revenue fell -2% year on year. Operating expenses declined -9%, lifting operating EBITDA +9% versus FY24 to NZ\$37.6m (FBe: NZ\$37.6m).
- **OneRoof:** Revenue lifted +5% year on year to NZ\$28.5m, behind our expectations of NZ\$30.1m. Digital revenue growth of +19% (FY25: NZ\$19.2m) was below expectations (~+25%), while print revenues declined more than expected at -17% year on year to NZ\$8.8m (FBe: -9%), reflecting reduced advertising through the channel and continued challenging conditions. Total costs were broadly flat at NZ\$24.8m (FY24: NZ\$24.4m), underpinning operating EBITDA growth of +32% to NZ\$3.6m (FBe: NZ\$4.7m).

Figure 1. FY25 results analysis

NZ\$m	FY24A	FY25A	Change	FY25E	Deviation
Revenue (from external customers)	345.9	341.3	-1%	342.3	-0%
Finance and other income	4.7	4.3	-9%	5.1	-15%
Total revenue and other income	350.6	345.6	-1%	347.4	-1%
Opex	(300.5)	(289.3)	-4%	(292.3)	-1%
EBITDA	50.1	56.3	+12%	55.0	+2%
Operating EBITDA	54.2	62.3	+15%	60.7	+3%
Total depreciation and amortisation	(29.9)	(31.0)	+4%	(31.5)	-2%
Share of JV and associates net loss after tax	(0.2)	-	n/a	(0.2)	n/a
EBIT (before significant items)	20.0	25.3	+26%	23.3	+9%
Significant items	(24.7)	-	n/a	-	n/a
EBIT	(4.7)	25.3	n/a	23.3	+9%
Net interest	(7.8)	(6.7)	-15%	(6.7)	-1%
Profit / (loss) from discontinued operations	-	-	n/a	-	n/a
Pre-Tax Profit	(12.5)	18.6	n/a	16.6	+12%
Taxation	(3.5)	(5.6)	+57%	(4.6)	+20%
Profit / (loss) for the year	(16.0)	13.1	n/a	11.9	+10%
Basic EPS (cps)	(8.6)	7.0	n/a	6.4	+10%
DPS (cps)	9.0	9.0	+0%	9.0	+0%

Source: Company, Forsyth Barr analysis

Earnings revisions

We update our forecasts following NZM's FY25 result. Revenue assumptions are lifted modestly across FY26–FY28 (+2% in each year) to reflect improving advertising momentum into the start of 1Q26 and broadening evidence of an economic recovery. NZM spoke to advertising revenue being on track to deliver +3% growth in 1Q26, solid radio progress, supportive revenue dynamics at OneRoof, and the lagged benefit of OCR cuts flowing through to sentiment, retail, and SME activity. Our long-term revenue growth path remains broadly unchanged.

The NZ\$12m annualised cost programme is now fully embedded. Our operating EBITDA forecasts rise +7% in FY26 to NZ\$66.5m, +4% in FY27 to NZ\$67.2m, and +2% in FY28 to NZ\$68.5m, reflecting the compounding impact of lower opex against a gradually recovering topline. Despite near-term upgrades, our long-term forecasts remain broadly unchanged, largely representing thematic structural tailwinds to growth. Our estimates incorporate the recently announced change to NZ broadcast licence costs relating to AM/FM licences covering 2031 to 2051, reducing annual amortisation expenses from FY31 and beyond.

Below the line, EBIT lifts +17%/+12%/+9% in FY26/FY27/FY28 respectively. Net profit forecasts increase to NZ\$23.7m in FY26, NZ\$23.8m in FY27, and NZ\$24.7m in FY28, aided by interest cost declines as debt assumptions fall.

We maintain DPS at 9.0cps across FY26–FY27. Given solid progress on debt reduction and solid free cash flow generation in FY25, we see scope for dividend uplift over the medium term on a continuation of these trends—our FY28 DPS estimate lifts to 10.0cps accordingly. Our leverage track continues to assume a trend towards net zero debt versus the board's 0.5–1.0x EBITDA target range. We decrease capex by ~11% across our forecast horizon, largely reflecting AI efficiency benefits with development cost savings materialising in FY25. We note a -16% year on year reduction in capex reported in FY25, despite the development of a new OneRoof app through the year. Management expects the new app (launching 1Q26) to enhance the user experience and functionality significantly.

Management remains 'cautiously optimistic' into FY26, noting early advertising revenue growth year on year and expecting a further NZ\$3.0m benefit from the full realisation of the cost-out programme. OneRoof remains the key operational lever, with organic expansion and yield uplift central to medium-term value creation.

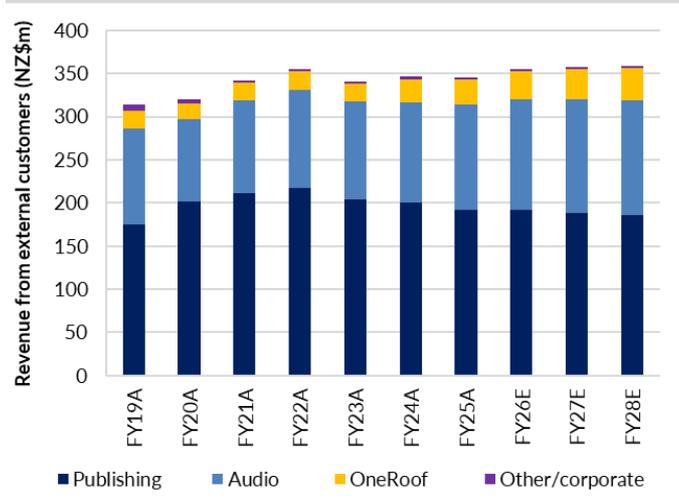
Figure 2. Earnings changes

	FY25E	FY26E			FY27E			FY28E		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (from external customers)	341.3	345.3	351.4	+2%	347.5	354.0	+2%	350.0	355.4	+2%
Finance and other income	4.3	5.2	4.1	-21%	5.3	3.8	-28%	5.4	3.5	-35%
Total revenue and other income	345.6	350.5	355.5	+1%	352.8	357.8	+1%	355.4	358.9	+1%
Opex	(289.3)	(288.3)	(289.0)	+0%	(288.2)	(290.6)	+1%	(288.2)	(290.5)	+1%
EBITDA	56.3	62.2	66.5	+7%	64.6	67.2	+4%	67.2	68.5	+2%
Total depreciation and amortisation	(31.0)	(29.2)	(28.2)	-4%	(30.4)	(29.0)	-4%	(31.7)	(30.0)	-5%
Share of JV and associates net loss after tax	-	(0.2)	-	n/a	(0.2)	-	n/a	(0.2)	-	n/a
EBIT	25.3	32.8	38.3	+17%	34.0	38.2	+12%	35.4	38.5	+9%
Net interest	(6.7)	(5.7)	(5.4)	-5%	(5.2)	(4.7)	-9%	(4.6)	(4.1)	-10%
Profit / (loss) from discontinued operations	-	-	-		-	-		-	-	
Pre-Tax Profit	18.6	27.0	32.9	+22%	28.8	33.5	+16%	30.8	34.3	+12%
Taxation	(5.6)	(7.6)	(9.2)	+22%	(8.1)	(9.4)	+16%	(8.6)	(9.6)	+12%
Profit / (loss) for the year	13.1	19.5	23.7	+22%	20.7	24.1	+16%	22.1	24.7	+12%
Operating EBITDA	62.3	62.2	66.5	+7%	64.6	67.2	+4%	67.2	68.5	+2%
DPS (cents per share)	9.0	9.0	9.0	+0%	9.0	9.0	+0%	8.5	10.0	+18%

Source: Company, Forsyth Barr analysis

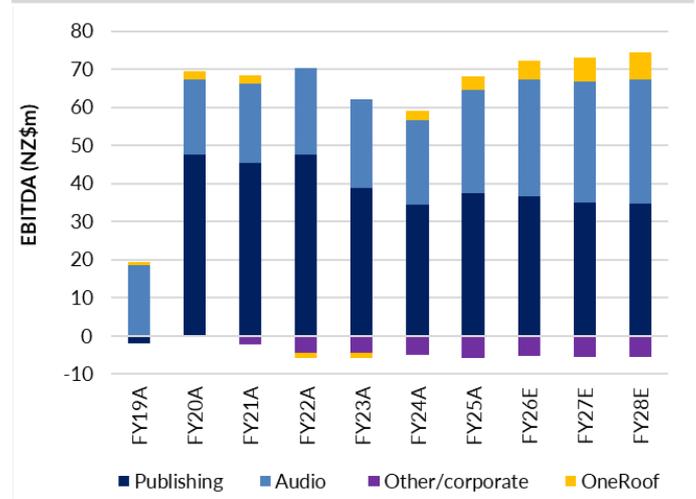
Key Charts

Figure 3. NZM—Revenue stack by segment



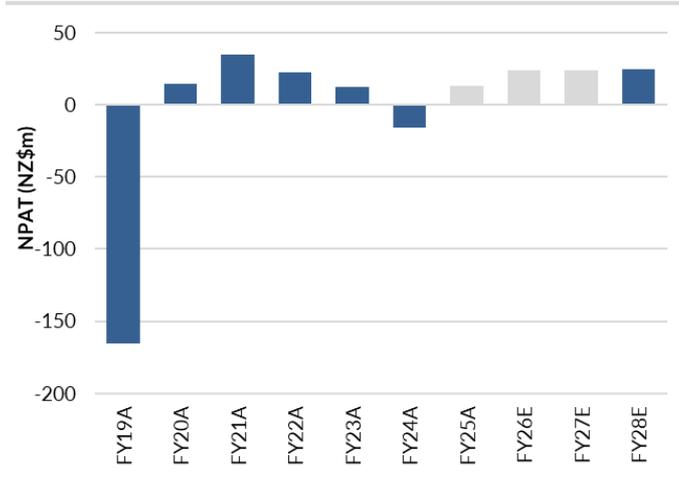
Source: Company, Forsyth Barr analysis

Figure 4. NZM—EBITDA stack by segment



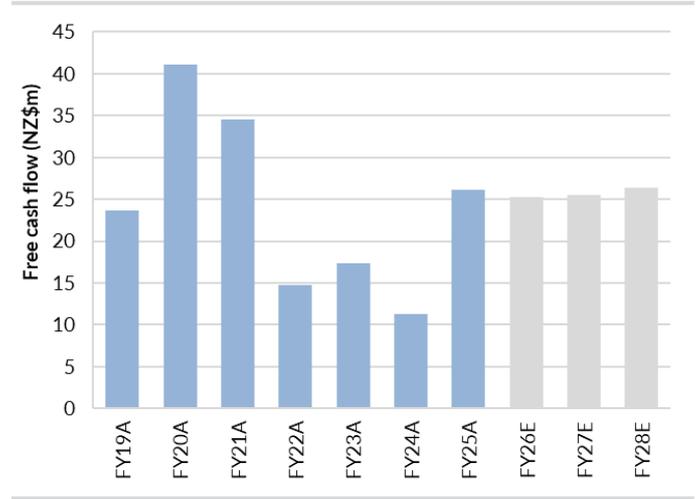
Source: Company, Forsyth Barr analysis

Figure 5. NZM—Reported NPAT



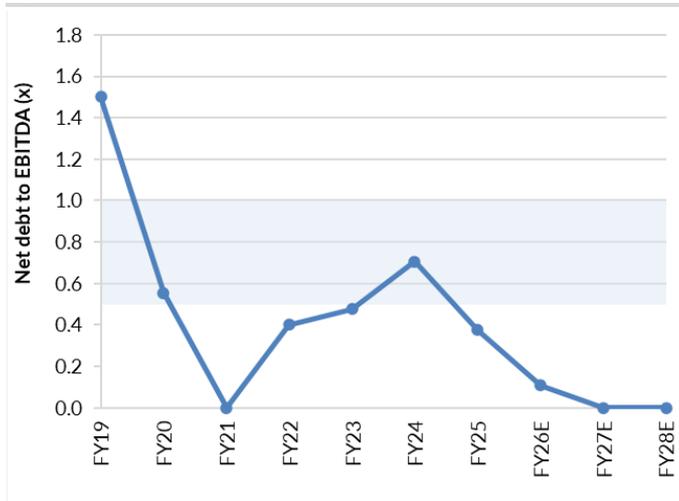
Source: Company, Forsyth Barr analysis

Figure 6. NZM—Operating free cash flow



Source: Company, Forsyth Barr analysis

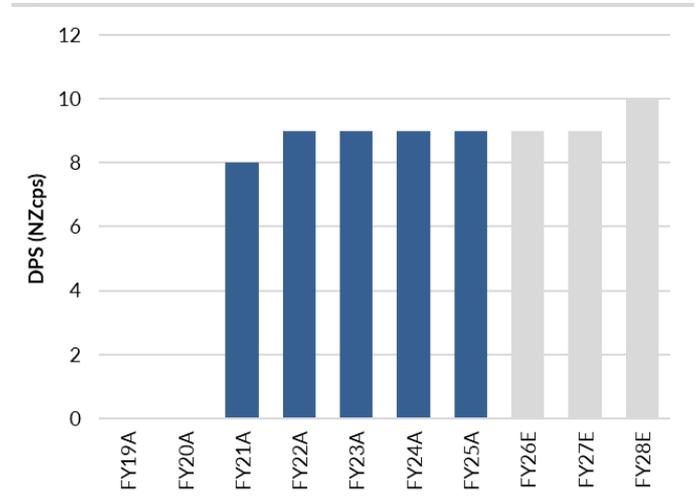
Figure 7. NZM—Net debt to EBITDA (pre NZ IFRS 16)



Source: Company, Forsyth Barr analysis

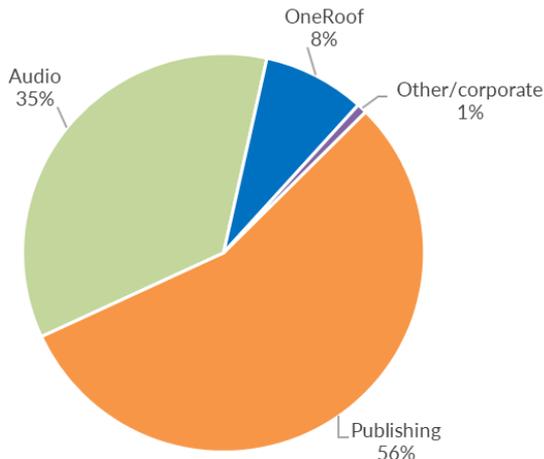
Target = 0.5 – 1.0 Net debt to EBITDA multiple

Figure 8. NZM—Dividends



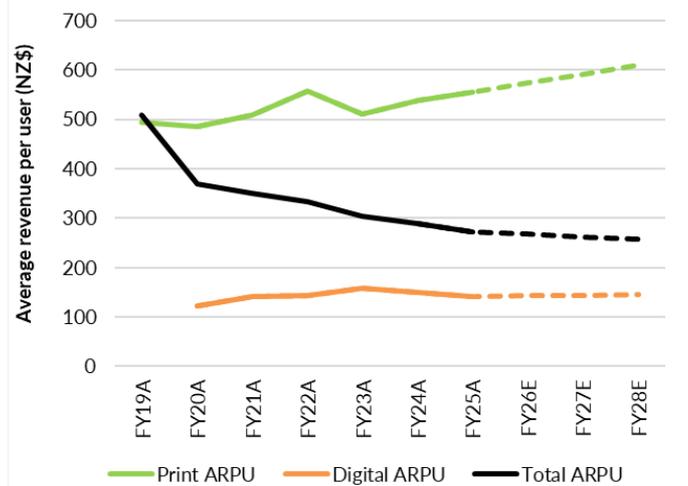
Source: Company, Forsyth Barr analysis

Figure 9. NZM—Revenue by segment (FY25)



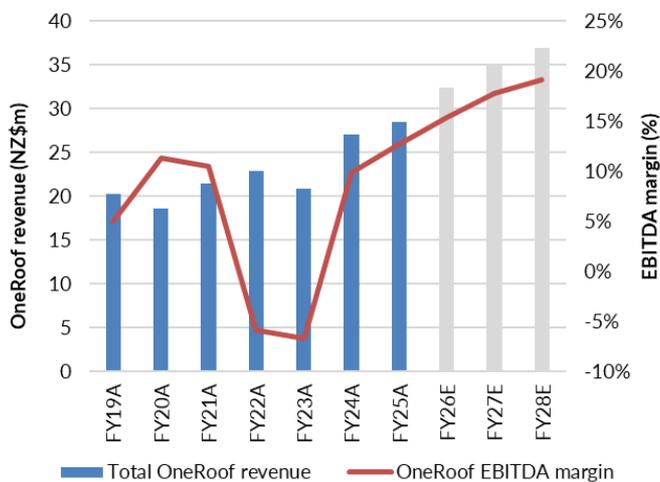
Source: Company, Forsyth Barr analysis

Figure 10. Publishing—ARPU for Print/Digital



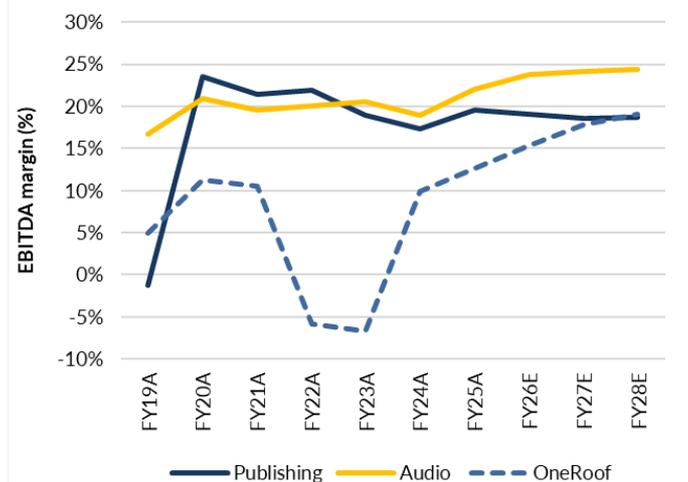
Source: Company, Forsyth Barr analysis

Figure 11. OneRoof—Revenues and EBITDA margin



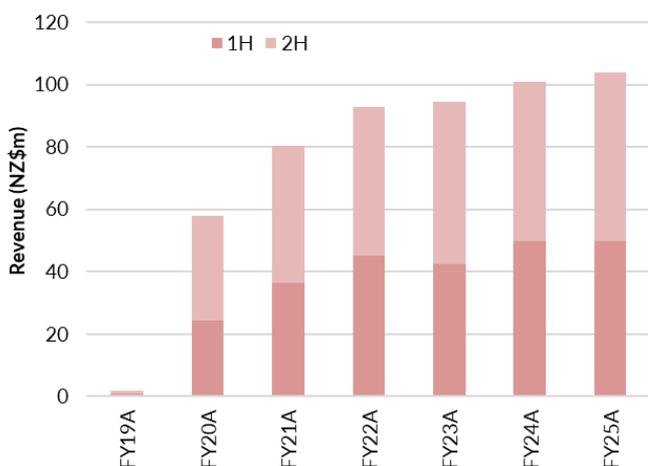
Source: Forsyth Barr analysis

Figure 12. NZM—EBITDA margins by segment



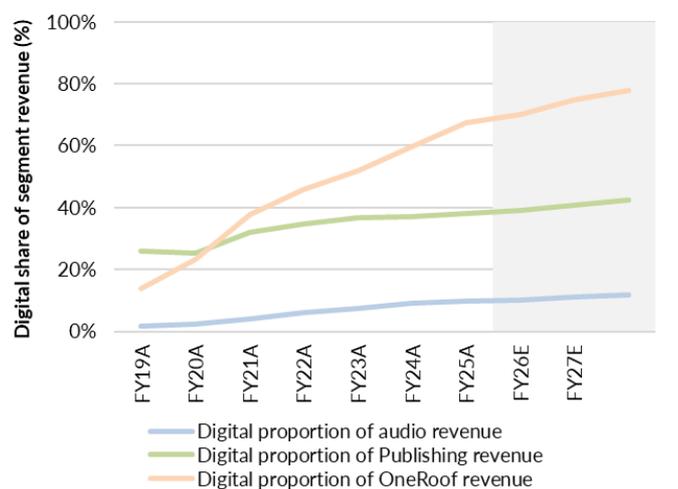
Source: REINZ, company data, Forsyth Barr analysis

Figure 13. NZM—Total digital revenue (half years)



Source: Company, Forsyth Barr analysis

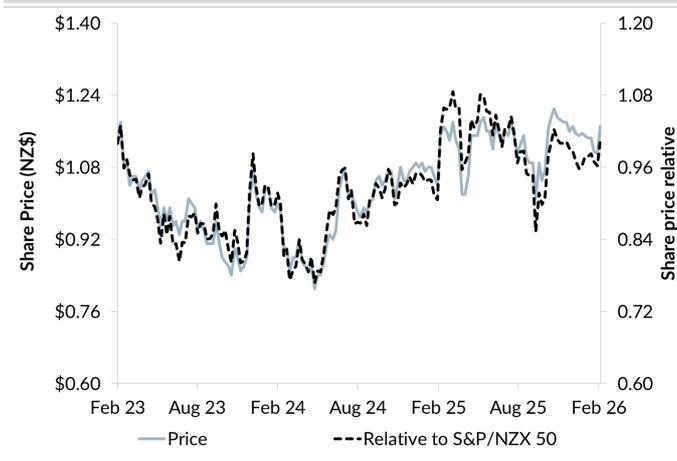
Figure 14. NZM—Digital share of total revenue by segment



Source: Company, Forsyth Barr analysis

Additional data

Figure 15. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 16. Substantial shareholders

Shareholder	Latest Holding
Spheria Asset Management	19.0%
James T. Grenon	18.4%
Pinnacle Investment Management Group	10.9%
Osmium Partners	5.5%

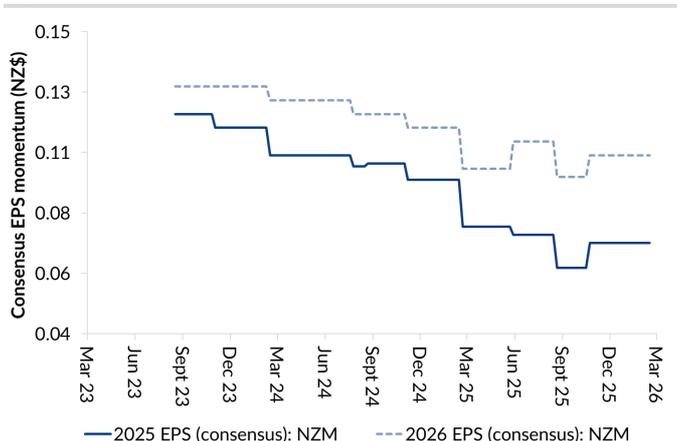
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 17. 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
				1yr	2yr	1yr	2yr	1yr	2yr	
NZME	NZM NZ	NZ\$1.17	NZ\$220	11.1x	11x	5.7x	5.7x	10.7x	10.6x	7.8%
Nine Entertainment	NEC AT	A\$1.06	A\$1,685	10.5x	9.5x	7.5x	6.7x	10.8x	9.8x	7.0%
New York Times	NYT US	US\$75.29	US\$12,223	27.1x	24.1x	17.1x	15.5x	19.5x	17.4x	1.2%
Reach	RCH LN	£0.71	£226	3.1x	3.2x	2.5x	2.6x	3x	3.1x	10.3%
Gannett	GCI US	US\$5.99	US\$881	26x	15.8x	7.4x	7x	21.2x	n/a	0.0%
Arn Media	A1N AT	A\$0.36	A\$111	7.4x	n/a	16x	n/a	24.8x	n/a	8.5%
Southern Cross Media Group	SXL AT	A\$0.62	A\$297	5.1x	5x	5x	4.3x	6.5x	6.4x	11.5%
Sirius XM Holdings	SIRI US	US\$20.96	US\$7,017	6.6x	6.3x	6.6x	6.6x	9.2x	9.2x	5.3%
Cumulus Media	CMLS US	US\$0.08	US\$1	-0x	-0x	13.9x	13.4x	>75x	>75x	n/a
REA GROUP	REA AT	A\$154.22	A\$20,376	29.1x	25.1x	17.6x	15.5x	20.2x	17.6x	2.0%

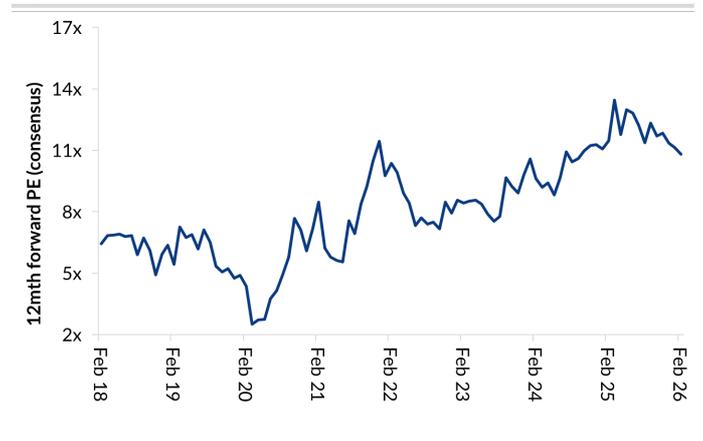
Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Figure 18. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

Figure 19. Consensus one year forward PE (x)



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

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