NZME Limited
Pressing More Out of Stuff

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NZME (NZM) has agreed to acquire Stuff's Petone print-plant equipment to right-size its print production capacity. We view the transaction as sensible: it matches capacity more closely to declining print volumes and should lower the long-term Publishing cost base. Management expects annualised operating savings of *c.*NZ$7.0m once installed, subject to print volumes, against total project investment of up to NZ$15.0m over two years. The equipment will be relocated to a new facility before NZM's Ellerslie print-plant lease expires at the end of 2028. Relocation, installation, commissioning, and continuity of customer service remain the principal execution risks over the next two years. We expect further detail at NZM's 1H26 result on 25 August 2026. We incorporate the staged investment and *c.*NZ$5.0m of annualised savings from FY29 into our forecasts. Our spot valuation lifts +3% to NZ$1.20, reflecting higher peer multiples, model roll-forward, and lower long-term Publishing costs.

NZX code	NZM
Share price	NZ$1.075
Spot Valuation	NZ$1.20 (from 1.16)
Risk rating	Medium
Issued shares	188.2m
Market cap	NZ$202m
Avg daily turnover	195.9k (NZ$222k)

Financials: Dec/	25A	26E	27E	28E
Rev (NZ$m)	345.6	353.5	355.8	356.7
NPAT* (NZ$m)	19.5	22.9	24.2	24.2
EPS* (NZc)	10.4	12.2	12.8	12.9
DPS (NZc)	9.0	9.0	9.0	10.0
Imputation (%)	100	100	100	100

*Based on normalised profits

Valuation (x)	25A	26E	27E	28E
PE	10.4	8.8	8.4	8.4
EV/EBIT	9.0	7.3	6.9	7.0
EV/EBITDA	4.6	4.1	3.9	3.9
Price / NTA	n/a	n/a	36.8	13.0
Cash div yld (%)	8.4	8.4	8.4	9.3
Gross div yld (%)	11.6	11.6	11.6	12.9

What's changed?

- **Earnings:** Operating EBITDA changes -2%/0%/-1% across FY26/FY27/FY28, with savings from FY29.
- **Spot valuation:** Lifts +3% to NZ$1.20, reflecting lower long-term Publishing costs, roll-forward, and higher peer multiples.

NZM right-sizes production capacity

Management described the Petone equipment as around one-third the size of NZM's current plant and 'more modern'. Total project investment of up to NZ$15.0m is expected over two years, including relocation, installation, and commissioning. We forecast *c.*NZ$5.0m of annualised savings from FY29, below management's *c.*NZ$7.0m estimate, allowing for structural print volume declines. We note that third-party printing optionality across the North Island provides upside not included in our forecasts.

Capital investment ahead of savings

The project represents a meaningful increase in capital expenditure relative to historical levels. We expect the investment to be comfortably funded through operating cash flow, supported by *c.*NZ$12.0m of annualised savings from NZM's FY25 cost reset. The additional investment delays our forecast net cash position to FY29 (from FY27). We nevertheless view the project positively given cash payback is targeted within the three years following the investment period and management's *c.*NZ$7.0m savings estimate equates to *c.*2% of our FY29 pre-tax cash cost base.

1H26 result the next news flow

At the 1H26 result on 25 August 2026, we expect detail on investment phasing, lease and transition costs, and the bridge to management's *c.*NZ$7.0m savings estimate. Focus will also be on OneRoof execution and broader advertising conditions. We forecast 1H26 total revenue of NZ$170.1m (+2.5% against the prior year) and operating EBITDA of NZ$25.4m (+6.3%), supported by the FY25 cost reset.

NZME Limited (NZM)

Market Data (NZ$)	
Priced as at 07 Aug 2026	**1.08**
52 week high / low	1.24 / 1.01
Market capitalisation (NZ$m)	202.3

Spot valuation (NZ$)	**1.20**
Peers comparable	1.35
DCF	1.21
Dividend Discount Model	1.05

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

DCF valuation summary (NZ$m)	
Total firm value	434
(Net debt)/cash	-16
Less: Capitalised operating leases	(185)
Value of equity	233

Profit and Loss Account (NZ$m)	2024A	2025A	2026E	2027E	2028E
Total revenue	350.6	345.6	353.5	355.8	356.7
Normalised EBITDA	**54.2**	**62.3**	**65.2**	**67.4**	**67.8**
Depreciation and amortisation	(29.9)	(31.0)	(28.2)	(29.2)	(30.2)
Normalised EBIT	**24.3**	**31.4**	**37.0**	**38.2**	**37.6**
Net interest	(7.4)	(6.3)	(5.3)	(4.6)	(4.0)
Associate income	(0.2)	-	-	-	-
Tax	(3.5)	(5.6)	(8.9)	(9.4)	(9.4)
Minority interests	-	-	-	-	-
Normalised NPAT	**13.1**	**19.5**	**22.9**	**24.2**	**24.2**
Abnormals/other	(29.2)	(6.4)	-	-	-
Reported NPAT	**(16.0)**	**13.1**	**22.9**	**24.2**	**24.2**
Normalised EPS (cps)	7.0	10.4	12.2	12.8	12.9
DPS (cps)	9.0	9.0	9.0	9.0	10.0

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (x)	5.4	4.6	4.1	3.9	3.9
EV/EBIT (x)	12.0	9.0	7.3	6.9	7.0
PE (x)	15.4	10.4	8.8	8.4	8.4
Price/NTA (x)	n/a	n/a	n/a	36.8	13.0
Free cash flow yield (%)	5.6	12.5	9.3	9.8	11.5
Adj. free cash flow yield (%)	5.6	12.5	9.3	9.8	11.5
Net dividend yield (%)	8.4	8.4	8.4	8.4	9.3
Gross dividend yield (%)	11.6	11.6	11.6	11.6	12.9

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	n/a	5.0	7.0	8.2	9.4
Interest cover EBITDA (x)	7.3	9.9	12.4	14.5	16.9
Net debt/ND+E (%)	19.6	14.0	11.8	9.0	5.3
Net debt/EBITDA (x)	0.4	0.2	0.2	0.2	0.1

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	0.9	-1.4	2.3	0.7	0.3
EBITDA (%)	-3.6	15.0	4.7	3.3	0.7
EBIT (%)	-11.9	29.0	18.1	3.1	-1.6
Normalised NPAT (%)	-7.6	48.6	17.4	5.6	0.1
Normalised EPS (%)	-9.6	48.6	17.2	5.6	0.1
Ordinary DPS (%)	0.0	0.0	0.0	0.0	11.1

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-0.2	13.1	15.9	16.8	17.1
Return on equity (%)	13.3	20.4	22.6	22.2	21.2
Return on funds employed (%)	6.1	10.0	11.8	12.5	12.8
EBITDA margin (%)	15.5	18.0	18.5	18.9	19.0
EBIT margin (%)	6.9	9.1	10.5	10.7	10.5
Capex to sales (%)	3.6	3.1	4.7	4.8	4.1
Capex to depreciation (%)	-69	-57	-93	-98	-85
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	129	87	74	70	78

Cash Flow (NZ$m)	2024A	2025A	2026E	2027E	2028E
EBITDA	**54.2**	**62.3**	**65.2**	**67.4**	**67.8**
Working capital change	(2.4)	(4.3)	(0.8)	(1.3)	(1.0)
Interest & tax paid	(12.5)	(8.2)	(14.4)	(14.3)	(13.7)
Other	(1.5)	0.6	-	-	-
Operating cash flow	**37.9**	**50.4**	**50.1**	**51.8**	**53.1**
Capital expenditure	(12.7)	(10.7)	(16.6)	(17.2)	(14.8)
(Acquisitions)/divestments	-	-	-	-	-
Other	(13.8)	(13.6)	(14.6)	(14.9)	(15.2)
Funding available/(required)	**11.3**	**26.1**	**18.9**	**19.7**	**23.2**
Dividends paid	(16.8)	(16.9)	(16.9)	(16.9)	(18.8)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	**(5.5)**	**9.2**	**2.0**	**2.8**	**4.4**

Operating Performance	2024A	2025A	2026E	2027E	2028E
Audio					
External customers revenue	116.0	122.2	126.8	129.3	131.2
Operating EBITDA	21.9	26.9	28.8	29.7	30.3
Operating EBITDA margin	19%	22%	23%	23%	23%
Publishing					
External customers revenue	199.9	192.1	190.3	187.9	185.2
Operating EBITDA	34.5	37.6	36.0	34.7	33.9
Operating EBITDA margin	17%	20%	19%	18%	18%
OneRoof					
External customers revenue	27.1	28.5	32.4	35.0	37.0
Operating EBITDA	2.7	3.6	6.2	7.7	8.5
Operating EBITDA margin	10%	13%	19%	22%	23%

Balance Sheet (NZ$m)	2024A	2025A	2026E	2027E	2028E
Working capital	(0.4)	(2.1)	(1.1)	0.4	1.7
Fixed assets	18.2	15.7	19.4	23.4	24.8
Intangibles	115.8	110.2	107.0	103.1	98.4
Right of use asset	54.7	49.0	42.0	35.1	28.3
Other assets	17.2	13.4	13.4	13.4	13.4
Total funds employed	**205.5**	**186.2**	**180.7**	**175.5**	**166.6**
Net debt/(cash)	24.1	15.5	13.5	10.7	6.4
Lease liability	66.1	57.2	47.7	38.0	30.1
Other liabilities	14.1	15.7	15.7	15.7	13.7
Shareholder's funds	101.3	97.9	103.8	111.0	116.4
Minority interests	-	-	-	-	-
Total funding sources	**205.5**	**186.2**	**180.7**	**175.5**	**166.6**

* 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

Earnings revisions

We incorporate NZ$15.0m of project investment across FY26–FY28, lifting capex by NZ$6.0m/NZ$6.0m/NZ$3.0m and delaying our forecast net cash position to FY29. We assume *c.*NZ$5.0m of annualised savings from FY29, tapering thereafter with print volumes. Revenue forecasts fall -1% across FY26–FY28, while lower opex limits operating EBITDA changes to -2%/0%/-1%. Higher net interest expense and additional depreciation reduce NPAT by -4%/-1%/-3%. The project lowers the long-term Publishing cost base despite a near-term cash flow drag.

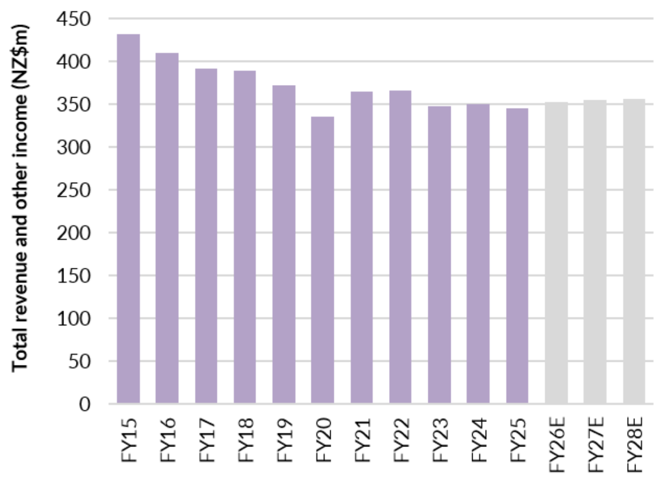
We make modest adjustments to our FY26 operating assumptions ahead of NZM's 1H26 result, forecasting total revenues of NZ$170.1m (+2.5% on 1H25), operating EBITDA of NZ$25.4m (+6.3% on 1H25), and a fully imputed NZ3cps interim dividend.

Figure 1. Earnings revisions* (NZ$m)

	FY25A	FY26E			FY27E			FY28E		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (from external customers)	341.3	351.4	349.5	-1%	354.0	352.2	-1%	355.4	353.3	-1%
Finance and other income	4.3	4.1	4.0	-3%	3.8	3.6	-4%	3.5	3.4	-2%
Total revenue and other income	**345.6**	**355.5**	**353.5**	**-1%**	**357.8**	**355.8**	**-1%**	**358.9**	**356.7**	**-1%**
Opex	(289.3)	(288.7)	(288.0)	-0%	(290.2)	(288.2)	-1%	(290.1)	(288.6)	-1%
EBITDA	56.3	66.9	65.5	-2%	67.6	67.6	+0%	68.8	68.1	-1%
Operating EBITDA**	**62.3**	**66.5**	**65.2**	**-2%**	**67.2**	**67.4**	**+0%**	**68.5**	**67.8**	**-1%**
Total depreciation and amortisation	(31.0)	(28.2)	(28.2)	-0%	(29.0)	(29.2)	+0%	(30.0)	(30.2)	+1%
EBIT	**25.3**	**38.7**	**37.3**	**-4%**	**38.5**	**38.4**	**-0%**	**38.8**	**37.9**	**-2%**
Interest expense	(6.7)	(5.4)	(5.5)	+1%	(4.7)	(4.9)	+3%	(4.1)	(4.3)	+5%
Profit / (loss) from discontinued operations	-	-	-		-	-		-	-	
Pre-Tax Profit	18.6	33.2	31.8	-4%	33.8	33.6	-1%	34.7	33.6	-3%
Taxation	(5.6)	(9.3)	(8.9)	-4%	(9.5)	(9.4)	-1%	(9.7)	(9.4)	-3%
Profit / (loss) for the year	**13.1**	**23.9**	**22.9**	**-4%**	**24.3**	**24.2**	**-1%**	**25.0**	**24.2**	**-3%**

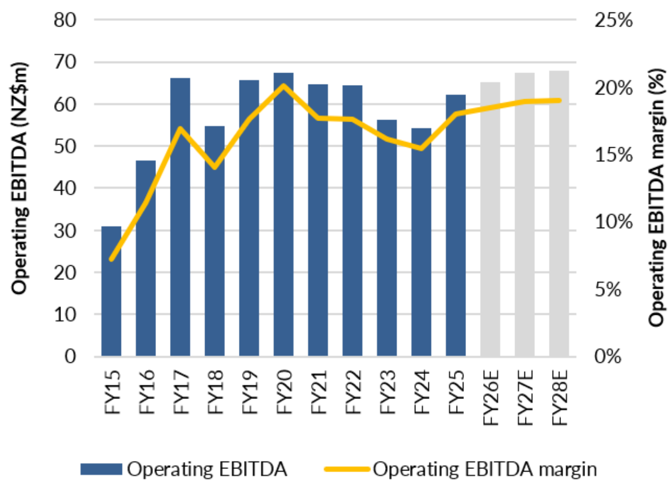
Source: Company, Forsyth Barr analysis, *Old forecasts restated for change to interest income recognition, **Operating EBITDA equivalent to normalised EBITDA

Figure 2. NZM—Total revenue and other income (NZ$m)



Source: Company, Forsyth Barr analysis

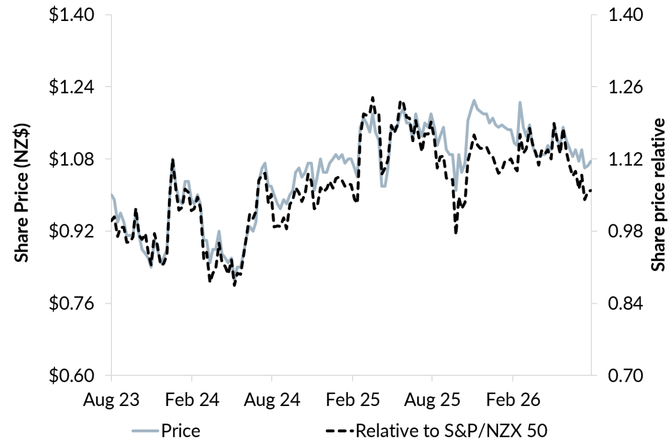
Figure 3. NZM—Operating EBITDA (NZ$m)



Source: Company, Forsyth Barr analysis

Additional data

Figure 4. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 5. Substantial shareholders

Shareholder	Latest Holding
James T. Grenon	19.9%
Spheria Asset Management	15.7%
Pinnacle Investment Management Group	8.0%
Salt Funds Management	5.6%

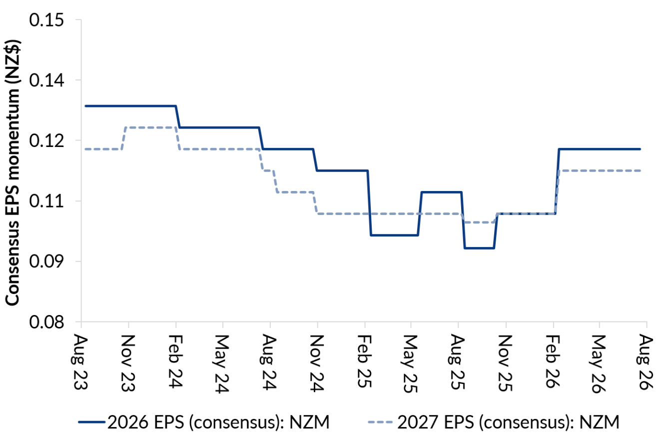
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

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

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
			(m)	1yr	2yr	1yr	2yr	1yr	2yr	1yr
NZME Ltd	**NZM NZ**	**NZD1.08**	**NZD202.3**	**8.5x**	**8.4x**	**4x**	**3.9x**	**7x**	**7x**	**8.4%**
Nine Entertainment	NEC AT	AUD1.00	AUD1,593.7	12.2x	10x	8x	5.6x	13.4x	10x	6.1%
New York Times	NYT US	USD64.77	USD10,395.8	21.5x	19.5x	12.9x	11.6x	14.7x	13.2x	1.6%
Reach	RCH LN	GBP0.42	GBP134.2	2x	2.4x	2x	2.2x	2.4x	2.7x	9.5%
Gannett	GCI US	USD8.00	USD1,174.5	28.5x	20x	8x	7.6x	18.3x	16.1x	0.0%
Arn Media	A1N AT	AUD0.25	AUD78.3	4.5x	4.6x	6.4x	6.5x	9.4x	9.7x	0.0%
Southern Cross Media Group	SXL AT	AUD0.54	AUD258.5	3.6x	3.9x	3.8x	3.9x	5.6x	6x	3.7%
Sirius XM Holdings	SIRI US	USD29.88	USD10,071.6	9.4x	8.7x	7.6x	7.6x	10.8x	10.7x	3.7%
Cumulus Media	CMLS US	USD0.01	USD0.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
REA GROUP	REA AT	AUD173.65	AUD22,723.8	30x	26.1x	18.4x	16.3x	20.6x	18.2x	2.1%

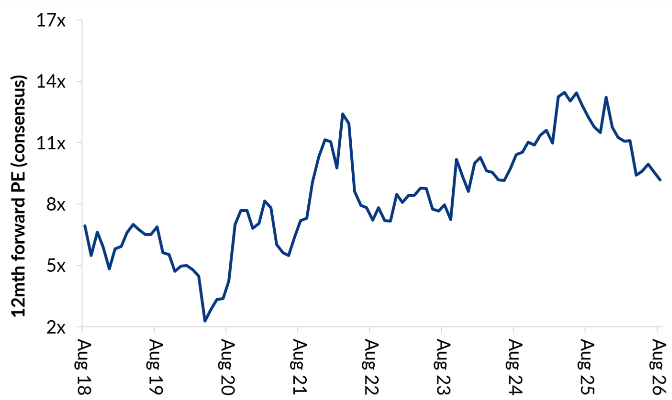
Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

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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