NEW ZEALAND EQUITY RESEARCH | MEDIA | INTEGRATED MEDIA, AUDIO & DIGITAL PROPERTY PLATFORM
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NZME Limited
1H26 Audio Hits a Higher Note

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NZME (NZM) delivered a broadly in-line 1H26 result, with Operating EBITDA modestly ahead of our forecast despite total income falling slightly short. Audio remained the principal earnings driver, while Digital growth offset lower Print profit and OneRoof remained constrained by Auckland property conditions. Adjusted operating costs decreased by -1% versus 1H25, reflecting the FY25 cost programme, lower print volumes and reduced low-margin third-party digital activity. NZM announced a fresh set of cost-out objectives over the coming years. Free cash flow improved, and net debt declined, preserving NZM's capacity to fund the new print plant and maintain dividends. Management expects FY26 Operating EBITDA to exceed FY25, subject to trading conditions and no material market deterioration. We reduce FY26 and FY27 EBITDA modestly on softer revenue, but increase FY28 as disclosed savings build. Our blended spot valuation decreases by -2cps to NZ$1.18, with revenue recovery, Google renewal and cost delivery the main FY27 swing variables.

NZX code	NZM
Share price	NZ$1.110
Spot Valuation	NZ$1.18 (from 1.20)
Risk rating	Medium
Issued shares	188.2m
Market cap	NZ$209m
Avg daily turnover	197.0k (NZ$223k)

Financials: Dec/	25A	26E	27E	28E
Rev (NZ$m)	345.6	350.5	348.5	348.7
NPAT* (NZ$m)	19.1	21.7	23.6	27.5
EPS* (NZc)	10.2	11.6	12.5	14.6
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	10.9	9.6	8.9	7.6
EV/EBIT	9.3	7.8	7.1	6.0
EV/EBITDA	4.7	4.4	4.0	3.5
Price / NTA	n/a	n/a	53.1	12.0
Cash div yld (%)	8.1	8.1	8.1	9.0
Gross div yld (%)	11.3	11.3	11.3	12.5

What's changed?

- **Earnings:** We cut FY26/FY27 operating EBITDA -3%/-1% on softer revenue, but lift FY28 by +7% as combined cost savings build.
- **Spot valuation:** Our blended spot valuation falls NZ2c as softer near-term revenue / cash flow outweigh the FY28 cost-out uplift.

Audio leads the result

Audio revenue increased +8%, extending its year-on-year revenue growth to 15 consecutive months. Agency revenue grew +15% and digital audio +16%, with multi-year revenue share gains, led by Newstalk ZB and supported by broader national reach, continuing to underpin growth. Audio EBITDA increased +19% as revenue growth more than offset higher agency commission costs. We retain Audio as the main near-term growth contributor, while expecting a moderation in Audio growth longer-term.

Digital helps offsets Print declines

Publishing EBITDA was flat as Digital Publishing EBITDA increased +11%, offsetting a -7% decline in Print EBITDA. Core digital advertising was stable, while lower low-margin performance marketing revenue reduced reported digital advertising. Print subscription volumes declined -9%, partly offset by a +5% yield as NZM continues to manage print for cash. Our forecasts assume continued print decline, with digital growth and cost savings supporting earnings. Elsewhere, OneRoof EBITDA increased +9% as costs fell -4%, despite Auckland property conditions constraining revenue; management considers investment at its intended level.

Savings build from FY27

NZM disclosed further cost savings to come, with targets of NZ$4.0m of annualised automation and AI savings from 4Q26 and another NZ$3.0m during 1H27, and expects print-plant savings of NZ$3.0m–NZ$5.0m in FY28 and NZ$7.0m from FY29. We model lower near-term revenue and include the announced savings progressively. FY28 earnings therefore depend more on cost execution than a strong advertising recovery or property upturn.

NZME Limited (NZM)

Market Data (NZ$)	
Priced as at 25 Aug 2026	**1.11**
52-week high / low	1.24 / 1.01
Market capitalisation (NZ$m)	208.9

Key WACC assumptions	
Risk-free rate	5.00%
Equity beta	0.99
WACC	10.9%
Terminal growth	1.0%

Profit and Loss Account (NZ$m)	2024A	2025A	2026E	2027E	2028E
Total revenue	350.6	345.6	350.5	348.5	348.7
Normalised EBITDA	**54.2**	**62.3**	**63.6**	**66.6**	**72.5**
Depreciation and amortisation	(29.9)	(31.0)	(28.2)	(29.2)	(30.2)
Normalised EBIT	**24.3**	**31.4**	**35.4**	**37.4**	**42.3**
Net interest	(7.8)	(6.7)	(5.2)	(4.7)	(4.1)
Associate income	(0.2)	-	-	-	-
Tax	(3.5)	(5.6)	(8.5)	(9.2)	(10.7)
Minority interests	-	-	-	-	-
Normalised NPAT	**12.8**	**19.1**	**21.7**	**23.6**	**27.5**
Abnormals/other	(28.8)	(6.1)	-	-	-
Reported NPAT	**(16.0)**	**13.1**	**21.7**	**23.6**	**27.5**
Normalised EPS (cps)	6.8	10.2	11.6	12.5	14.6
DPS (cps)	9.0	9.0	9.0	9.0	10.0

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	0.9	-1.4	1.4	-0.6	0.1
EBITDA (%)	-3.5	15.0	2.1	4.7	8.9
EBIT (%)	-11.7	29.0	12.9	5.7	13.0
Normalised NPAT (%)	-7.0	50.0	13.6	8.4	16.8
Normalised EPS (%)	-9.0	50.0	13.4	8.4	16.8
Ordinary DPS (%)	0.0	0.0	0.0	0.0	11.1

Cash Flow (NZ$m)	2024A	2025A	2026E	2027E	2028E
EBITDA	**54.2**	**62.3**	**63.6**	**66.6**	**72.5**
Working capital change	(2.4)	(4.3)	(0.7)	(0.4)	(3.0)
Interest & tax paid	(12.5)	(8.2)	(13.9)	(14.1)	(15.2)
Other	(1.5)	0.6	-	-	-
Operating cash flow	**37.9**	**50.4**	**49.0**	**52.1**	**54.3**
Capital expenditure	(12.7)	(10.7)	(17.5)	(19.0)	(11.5)
(Acquisitions)/divestments	-	-	-	-	-
Other	(13.8)	(13.6)	(14.0)	(13.8)	(13.5)
Funding available/(required)	**11.3**	**26.1**	**17.5**	**19.4**	**29.3**
Dividends paid	(16.8)	(16.9)	(16.9)	(16.9)	(18.8)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	**(5.5)**	**9.2**	**0.6**	**2.5**	**10.5**

Balance Sheet (NZ$m)	2024A	2025A	2026E	2027E	2028E
Working capital	(0.4)	(2.1)	(1.2)	(0.6)	2.8
Fixed assets	18.2	15.7	20.4	26.3	24.5
Intangibles	115.8	110.2	107.0	103.0	98.1
Right-of-use asset	54.7	49.0	42.0	35.2	28.4
Other assets	17.2	13.4	13.4	13.4	13.4
Total funds employed	**205.5**	**186.2**	**181.6**	**177.2**	**167.3**
Net debt/(cash)	24.1	15.5	15.0	12.5	2.0
Lease liability	66.1	57.2	48.3	39.7	33.6
Other liabilities	14.1	15.7	15.7	15.7	13.7
Shareholders' funds	101.3	97.9	102.7	109.3	118.0
Minority interests	-	-	-	-	-
Total funding sources	**205.5**	**186.2**	**181.6**	**177.2**	**167.3**

* 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

Spot valuation (NZ$)	**1.18**
Peers comparable	1.53
DCF	1.11
Dividend Discount Model	1.06

DCF valuation summary (NZ$m)	
Total firm value	405
(Net debt)/cash	-16
Less: Capitalised operating leases	(170)
Value of equity	220

Valuation Ratios***	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	0.9	0.9	0.8	0.8	0.7
EV/EBITDA (x)	5.5	4.7	4.4	4.0	3.5
EV/EBIT (x)	12.3	9.3	7.8	7.1	6.0
PE (x)	16.3	10.9	9.6	8.9	7.6
Price/NTA (x)	n/a	n/a	n/a	53.1	12.0
Free cash flow yield (%)	5.4	12.2	8.4	9.3	14.0
Adj. free cash flow yield (%)	5.4	12.2	8.4	9.3	14.0
Net dividend yield (%)	8.1	8.1	8.1	8.1	9.0
Gross dividend yield (%)	11.3	11.3	11.3	11.3	12.5

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	n/a	4.7	6.8	8.0	10.4
Interest cover EBITDA (x)	6.9	9.4	12.2	14.2	17.8
Net debt/ND+E (%)	19.6	14.0	13.0	10.5	1.7
Net debt/EBITDA (x)	0.4	0.2	0.2	0.2	0.0

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	-0.2	13.1	15.2	16.4	18.8
Return on equity (%)	12.9	20.1	21.7	22.0	23.8
Return on funds employed (%)	6.0	9.8	11.2	12.0	14.0
EBITDA margin (%)	15.5	18.0	18.1	19.1	20.8
EBIT margin (%)	6.9	9.1	10.1	10.7	12.1
Capex to sales (%)	3.6	3.1	5.0	5.4	3.3
Capex to depreciation (%)	-69	-57	-98	-107	-66
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	133	88	78	72	68

Operating Performance	2024A	2025A	2026E	2027E	2028E
Audio					
External customers revenue	116.0	122.2	129.5	132.0	133.3
Operating EBITDA	21.9	27.3	29.4	30.2	30.3
Operating EBITDA margin	19%	22%	23%	23%	23%
Publishing					
External customers revenue	199.9	192.1	188.9	182.9	180.5
Operating EBITDA	34.5	37.6	34.7	29.7	32.7
Operating EBITDA margin	17%	20%	18%	16%	18%
OneRoof					
External customers revenue	27.1	28.5	28.2	30.0	31.4
Operating EBITDA	2.7	3.6	3.9	5.6	7.1
Operating EBITDA margin	10%	13%	14%	19%	22%

1H26 result summary

NZM's 1H26 result was broadly in line with our expectations, with better-than-expected cost control offsetting softer revenue. Operating EBITDA increased by +11% to NZ$26.5m on external customer revenue growth of +1% to NZ$165.1m. This compared with our forecasts of NZ$25.4m Operating EBITDA and NZ$170.1m total revenue and other income. The result was shaped by: (1) strong Audio growth; (2) softer advertising and Auckland property conditions; and (3) reduced low-margin digital performance marketing and print revenue. The full run-rate benefit of the NZ$12.0m cost programme implemented in FY25 supported margins, while targeted reinvestment continued. Overall operating costs fell by -4%, or by -1% when adjusting for the non-recurring restructuring costs seen in 1H25. Reported NPAT improved from -NZ$0.4m to +NZ$6.6m, and the Board declared a fully imputed interim dividend of NZ3cps. Net debt declined by -NZ$13.9m to NZ$19.4m, equivalent to 0.4x operating EBITDA (pre-IFRS 16)—below the Board's 0.5x–1.0x target range. Free cash flow increased by +NZ$5.1m to NZ$7.3m. NZM targets a further NZ$7.0m of annualised automation and AI savings, plus *c.*NZ$7.0m of annual print-plant savings from FY29 and potential Auckland lease savings.

Key points divisionally from 1H26:

- **Audio:** Revenue increased by +8% to NZ$61.8m, with radio advertising up +8% and digital audio revenue up +16%. Segment operating costs increased by +6%, reflecting higher people costs, agency commissions, and targeted marketing. Operating EBITDA lifted +19% to NZ$11.9m.
- **Publishing:** Revenue declined by -3% to NZ$90.5m, reflecting reader revenue down -3% as lower print subscription and retail volumes outweighed +1% digital subscription growth. Digital advertising declined by -4%, primarily due to NZM reducing low-margin third-party performance marketing activity. Operating costs declined by -4%, leaving Operating EBITDA broadly flat at NZ$15.3m, as Digital Publishing EBITDA growth of +11% offset a -7% decline in Print Publishing EBITDA.
- **OneRoof:** Revenue declined by -2% to NZ$14.1m, as digital growth of +4% was more than offset by a -15% decline in print. Auckland residential listing revenue increased by +3%, while the rest of New Zealand increased by +13% on stronger upgrade conversion and yield. Operating EBITDA increased by +9% to NZ$1.8m as costs decreased by -4%. Management indicated that leadership and technology investment is now largely complete, leaving a more fixed cost base and stronger incremental margins on future revenue growth.

Figure 1. 1H26 results comparison

	1H25 Actual	1H26 Actual	Change
Revenue (from external customers)	163.6	165.1	+1%
Finance and other income	2.4	2.0	-14%
Total revenue and other income	**165.9**	**167.1**	**+1%**
Opex	147.0	140.5	-4%
EBITDA	18.9	26.7	+41%
Operating EBITDA	**23.9**	**26.5**	**+11%**
Operating EBITDA margin (%)	14.6%	16.1%	+147bp
Total depreciation and amortisation	15.7	14.5	-7%
Share of JV and associates net loss after tax	-	(0.0)	n/a
EBIT (before significant items)	**3.2**	**12.1**	**+274%**
Significant items	-	-	n/a
EBIT	3.2	12.1	+274%
Net interest	3.6	2.7	-24%
Profit / (loss) from discontinued operations	-	-	n/a
Pre-Tax Profit	(0.3)	9.4	n/a
Taxation	0.1	2.8	n/a
Profit / (loss) for the year	**(0.4)**	**6.6**	**n/a**
Basic EPS (cps)	(0.2)	3.5	n/a
DPS (cps)	3.0	3.0	0%

Source: Company, Forsyth Barr analysis

Earnings revisions

We lower our revenue forecasts for a slower advertising and economic recovery and assume Google/Meta revenue ends when the Google agreement concludes in December 2026, reducing external revenue -1%/-2%/-2% in FY26/FY27/FY28. We include automation and AI savings of NZ$1.0m/NZ$5.5m/NZ$7.0m and print-plant savings of NZ$0.0m/NZ$0.0m/NZ$4.0m. We forecast capex of NZ$17.5m/NZ$19.0m/NZ$11.5m, including our assumed NZ$7.0m/NZ$8.0m phasing of the company's up to NZ$15.0m print-plant investment across FY26–FY27. The balance comprises other property, plant and equipment and digital/intangible investment. Our Operating EBITDA forecasts fall -3% to NZ$63.6m in FY26 and -1% to NZ$66.6m in FY27, but rise +7% to NZ$72.5m in FY28 as the cost savings mature. NPAT forecasts fall -5%/-2% in FY26/FY27 and rise +14% in FY28. Fully imputed dividend estimates remain unchanged at NZ9cps/NZ9cps/NZ10cps, with the FY28 increase supported by net debt approaching zero.

Figure 2. Earnings revisions

	FY25	FY26E			FY27E			FY28E		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (from external customers)	341.3	349.5	346.6	-1%	352.2	344.8	-2%	353.3	345.2	-2%
Finance and other income	4.3	4.0	3.9	-1%	3.6	3.6	-1%	3.4	3.5	+3%
Total revenue and other income	**345.6**	**353.5**	**350.5**	**-1%**	**355.8**	**348.5**	**-2%**	**356.7**	**348.7**	**-2%**
Opex	289.3	288.0	286.7	0%	288.2	281.7	-2%	288.6	275.8	-4%
EBITDA	56.3	65.5	63.8	-3%	67.6	66.8	-1%	68.1	72.9	+7%
Operating EBITDA	**62.3**	**65.2**	**63.6**	**-3%**	**67.4**	**66.6**	**-1%**	**67.8**	**72.5**	**+7%**
Operating EBITDA margin (%)	18.3%	18.7%	18.3%	-31bp	19.1%	19.3%	+18bp	19.2%	21.0%	+182bp
Total depreciation and amortisation	31.0	28.2	28.2	0%	29.2	29.2	0%	30.2	30.2	0%
Share of JV and associates net loss after tax	-	-	-	n/a	-	-	n/a	-	-	n/a
EBIT (before significant items)	25.3	37.3	35.6	-4%	38.4	37.6	-2%	37.9	42.7	+13%
Significant items	-	-	-	n/a	-	-	n/a	-	-	n/a
EBIT	**25.3**	**37.3**	**35.6**	**-4%**	**38.4**	**37.6**	**-2%**	**37.9**	**42.7**	**+13%**
Net interest	6.7	5.5	5.4	-2%	4.9	4.9	+1%	4.3	4.5	+4%
Profit / (loss) from discontinued operations	-	-	-	n/a	-	-	n/a	-	-	n/a
Pre-Tax Profit	18.6	31.8	30.2	-5%	33.6	32.7	-2%	33.6	38.2	+14%
Taxation	5.6	8.9	8.5	-5%	9.4	9.2	-2%	9.4	10.7	+14%
Profit / (loss) for the year	**13.1**	**22.9**	**21.7**	**-5%**	**24.2**	**23.6**	**-2%**	**24.2**	**27.5**	**+14%**
EPS (cents per share)	7.0	12.2	11.6	-5%	12.8	12.5	-2%	12.9	14.6	+14%
DPS (cents per share)	9.0	9.0	9.0	0%	9.0	9.0	0%	10.0	10.0	0%

Source: Company, Forsyth Barr analysis

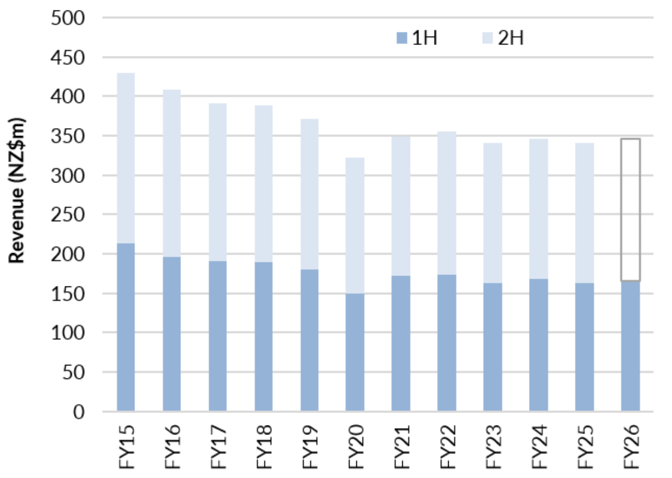
Figure 3. Segmental earnings split

	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Actual	FY26 Forecast	FY27 Forecast	FY28 Forecast
Revenues								
Audio	106.6	113.5	113.3	116.0	122.2	129.5	132.0	133.3
Publishing	211.6	216.8	204.3	199.9	192.1	188.9	182.9	180.5
OneRoof	21.5	22.9	20.8	27.1	28.5	28.2	30.0	31.4
Corporate / other	8.9	2.3	2.4	2.8	2.8	3.9	3.6	3.5
Total revenues	348.6	355.4	340.8	345.9	345.6	350.5	348.5	348.7
EBITDA								
Audio	20.8	22.8	23.3	21.9	27.3	29.4	30.2	30.3
Publshing	45.3	47.5	38.7	34.5	37.6	34.7	29.7	32.7
OneRoof	2.3	-1.3	-1.4	2.7	3.6	3.9	5.6	7.1
Corporate/ other	-2.4	-4.5	-4.5	-5.0	-6.2	-4.4	1.2	2.5
Operating EBITDA	66.0	64.5	56.1	54.2	62.3	63.6	66.6	72.5

Source: Company, Forsyth Barr analysis

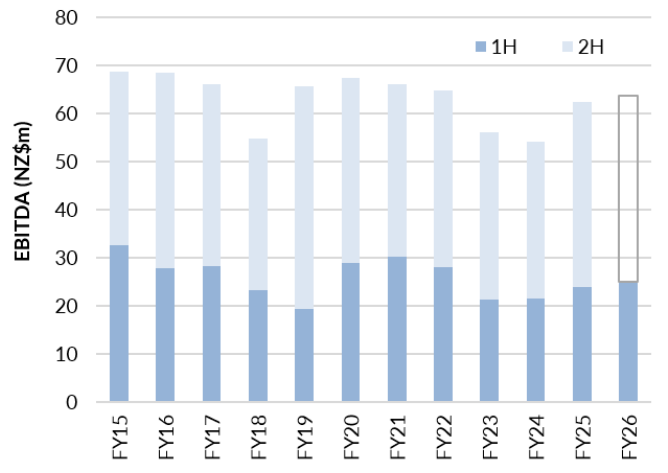
Key charts

Figure 4. NZM—Operating revenue and 2H26 estimate



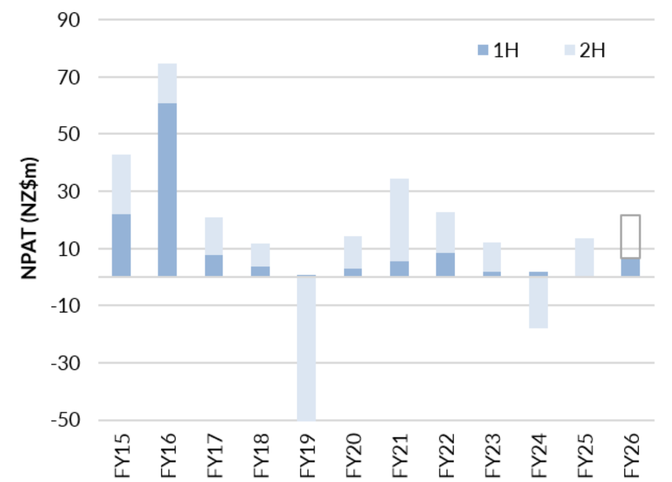
Source: Company, Forsyth Barr analysis

Figure 5. NZM—Operating EBITDA and 2H26 estimate



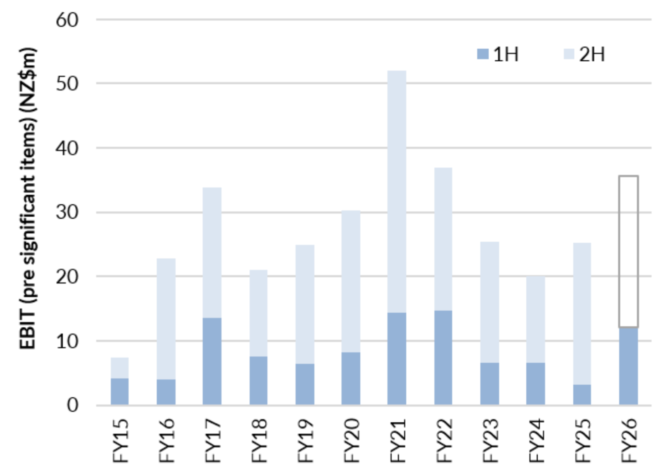
Source: Company, Forsyth Barr analysis

Figure 6. NZM—NPAT and 2H26 estimate



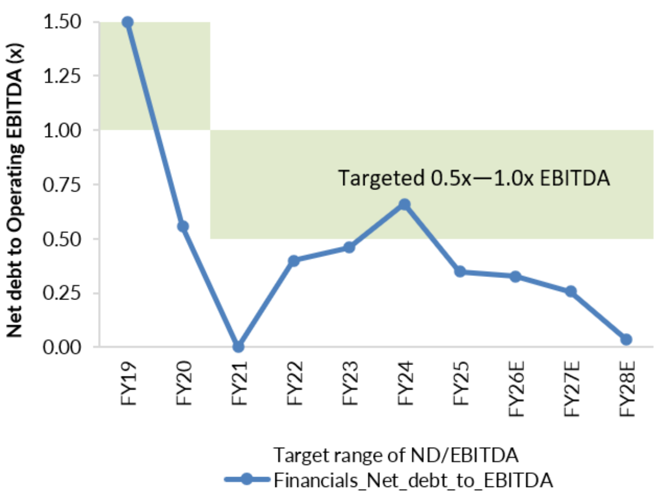
Source: Company, Forsyth Barr analysis

Figure 7. NZM—EBIT (pre significant items) and 2H26 estimate



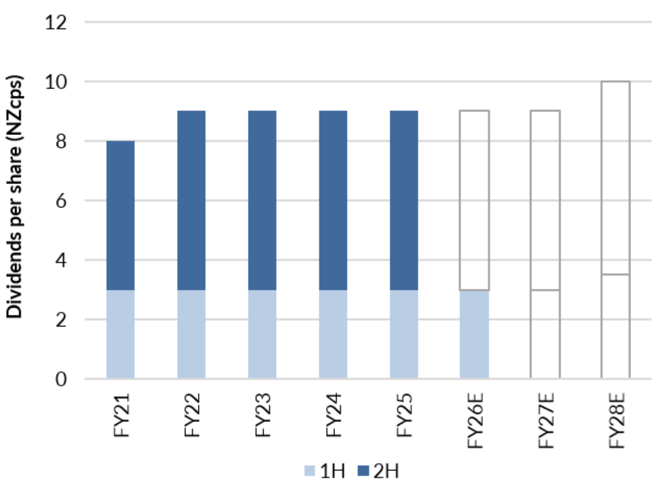
Source: Company, Forsyth Barr analysis

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



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

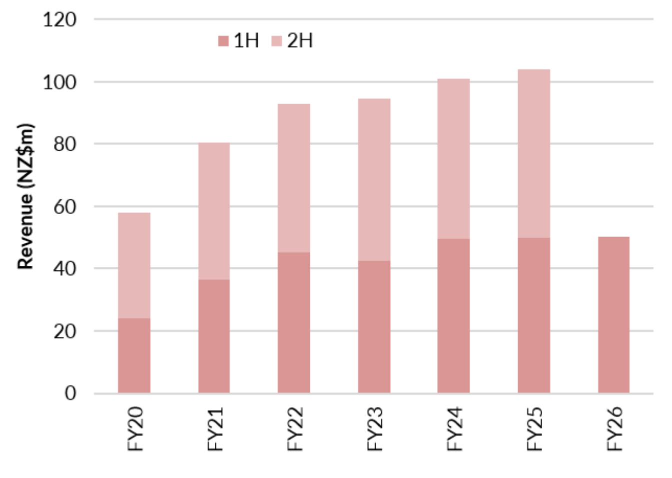
Figure 9. NZM—Dividends



Source: Company, Forsyth Barr analysis

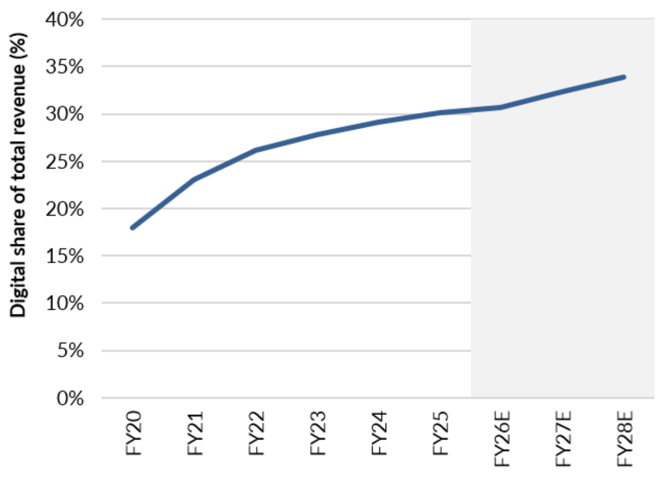
Key charts—digitisation progress

Figure 10. NZM—Total digital revenue (half years)



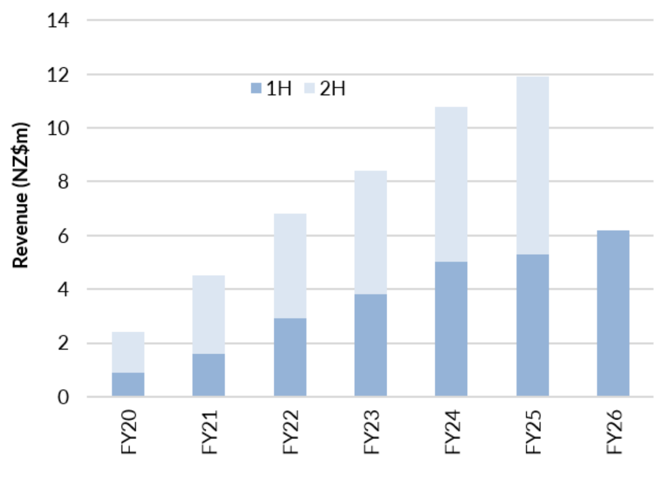
Source: Company, Forsyth Barr analysis

Figure 11. NZM—Digital share of total revenue



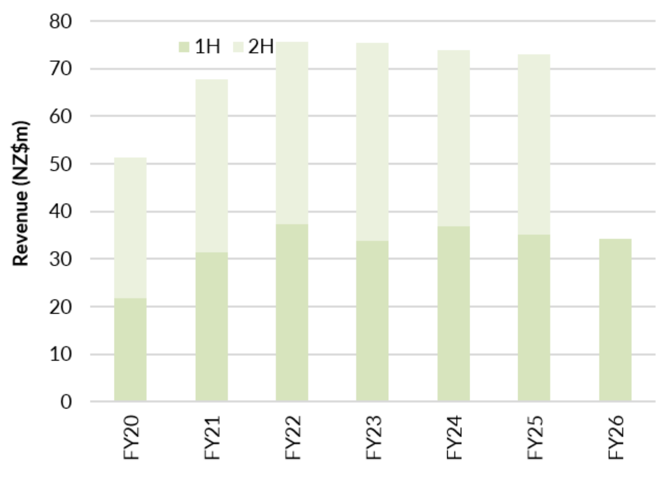
Source: Company, Forsyth Barr analysis

Figure 12. NZM—Digital Audio revenue (half years)



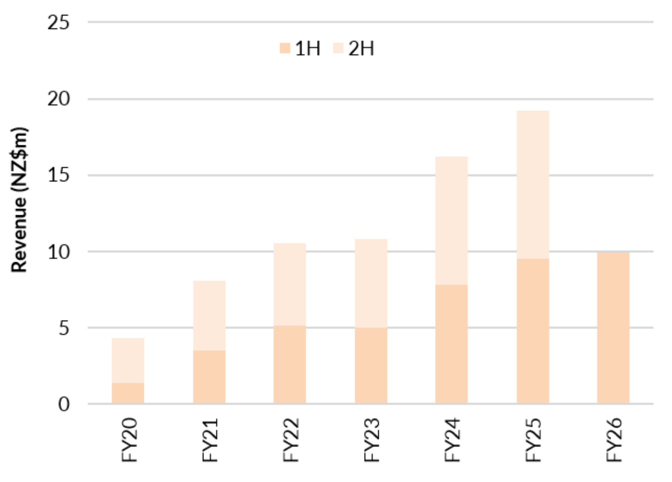
Source: Company, Forsyth Barr analysis

Figure 13. NZM—Digital Publishing revenue (half years)



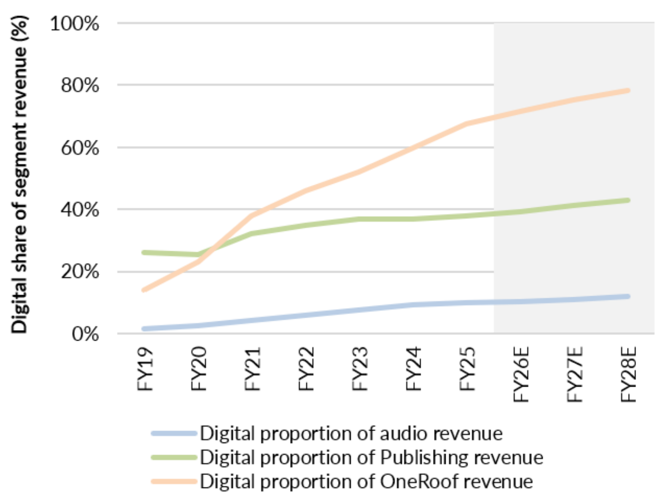
Source: Company, Forsyth Barr analysis

Figure 14. NZM—Digital OneRoof revenue (half years)



Source: Company, Forsyth Barr analysis

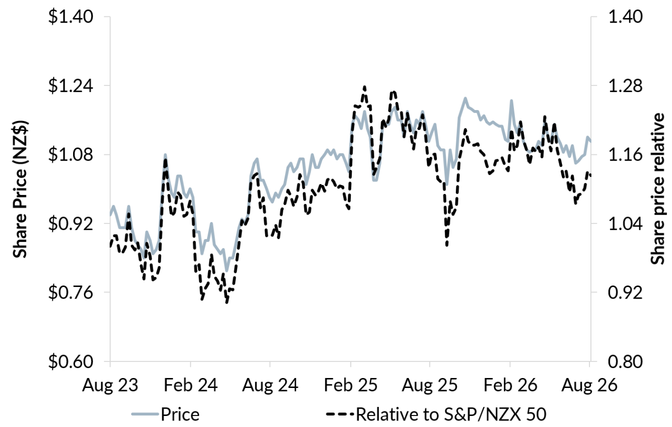
Figure 15. NZM—Digital share of segment revenues over time



Source: Company, Forsyth Barr analysis

Additional data

Figure 16. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 17. 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%

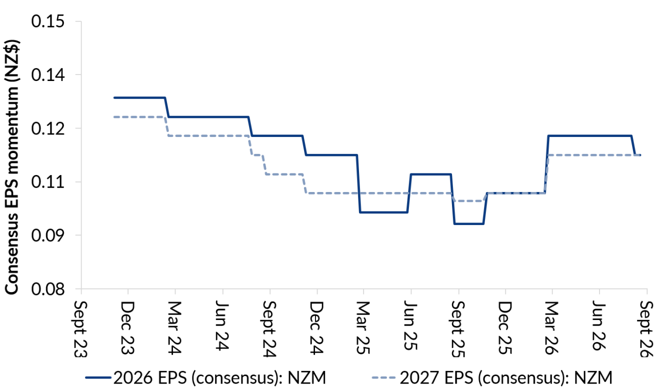
Source: NZX, Bloomberg, Forsyth Barr analysis; shares outstanding fall back to the analyst model; NOTE: based on SPH notices only

Figure 18. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE 1yr	PE 2yr	EV/EBITDA 1yr	EV/EBITDA 2yr	EV/EBIT 1yr	EV/EBIT 2yr	Cash Yld 1yr
NZME	**NZM NZ**	**NZ$1.11**	**NZ$209**	**9.1x**	**8x**	**4.1x**	**3.7x**	**7.4x**	**6.3x**	**8.1%**
Nine Entertainment	NEC AT	A$0.96	A$1,530	9.6x	9.6x	5.7x	5.3x	9.8x	9.5x	7.4%
New York Times	NYT US	US$67.49	US$10,832	22.3x	20.2x	13.5x	12.2x	15.4x	13.9x	1.5%
Reach	RCH LN	£0.43	£138	2.1x	2.5x	2.1x	2.3x	2.5x	2.8x	9.2%
Gannett	GCI US	US$6.41	US$941	21.2x	16.8x	7.5x	7.2x	15.3x	14.2x	0.0%
Arn Media	A1N AT	A$0.26	A$80	5.5x	5.1x	7.1x	6.8x	10.1x	9.2x	0.0%
Southern Cross Media Group	SXL AT	A$0.60	A$287	7.5x	7.8x	7.2x	7.6x	12.9x	13.7x	0.0%
Sirius XM Holdings	SIRI US	US$28.45	US$9,590	9x	8.3x	7.4x	7.4x	10.6x	10.5x	3.9%
Cumulus Media	CMLS US	US$0.00	US$0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
REA GROUP	REA AT	A$178.39	A$23,344	30.4x	26.5x	18.5x	16.6x	21x	18.6x	2.0%

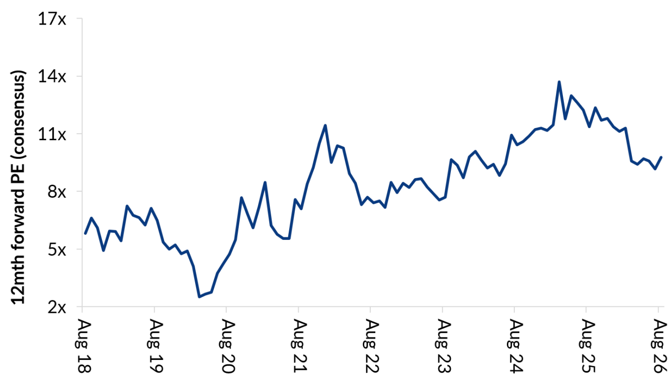
Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Figure 19. Consensus EPS momentum (NZ$)



Source: Bloomberg, Forsyth Barr analysis

Figure 20. Consensus one year forward PE (x)



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

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