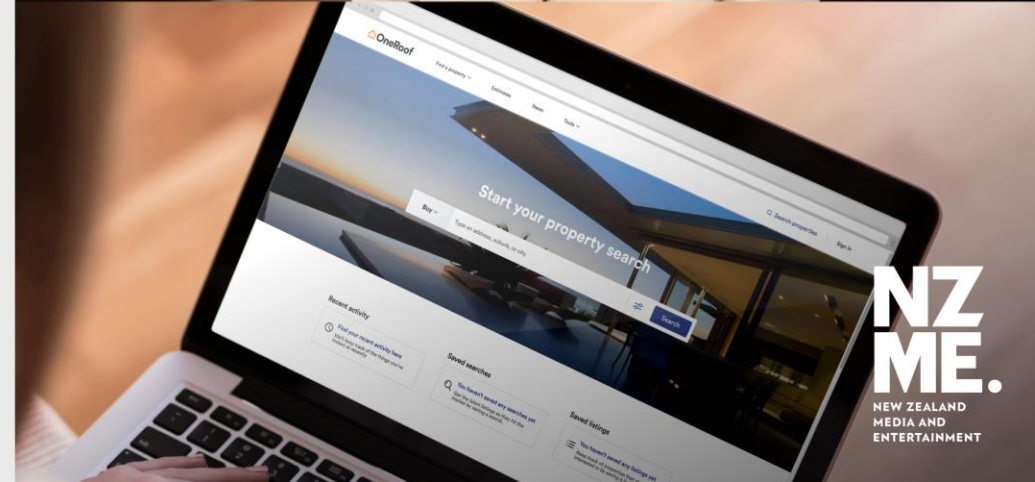


# NZME

## Sydney Roadshow

Michael Boggs, Chief Executive Officer  
David Mackrell, Chief Financial Officer

### June 2024



**NZ  
ME.**  
NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT

# Agenda

1. NZME Strategy
2. Overview by Business Unit
3. Performance
4. Capital Management



Toni Street - Coast Breakfast host

# Focused strategic priorities for the next three years

**Your essential property platform**



**Superior listings experience and performance**

**Grow listings revenue**

**Accelerate non-listings product revenue**

**Number one in audio**



**Create the most listened to and loved content**

**Deliver customer solutions to grow revenue share**

**Grow podcast engagement and monetisation**

**New Zealand's leading news destination**

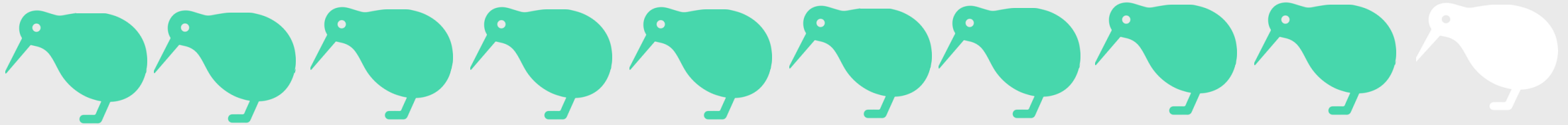


**Scalable digital audience and advertising News platform**

**Expert journalism that grows subscriber lifetime value**

**High quality and efficient print business**

# NZME reaches 9 out of 10 Kiwis monthly<sup>5</sup>



## OneRoof Audience

Digital audience  
655,000<sup>4</sup>

Print audience  
306,000<sup>1</sup>



## Audio Audience

Digital audience  
1,476,300<sup>2</sup>

Terrestrial audience  
1,903,500<sup>3</sup>



## Publishing Audience

Digital audience  
1,958,000<sup>4</sup>

Print audience  
1,034,000<sup>1</sup>



1. Nielsen CMI Q1 23 – Q4 23 Mar 24 Fused AP15+ (Total NZME = monthly NZME print, weekly NIMs, weekly radio GfK fused S3 23 and monthly online fused. Publishing Print = weekly print excluding Real Estate. OneRoof Print = Real Estate sections).
2. Adswizz Audiometrix April 2024.
3. GfK Comm RAM, S1/24, Total NZ, Cume, M-S 12mn-12mn (unless otherwise stated).
4. Nielsen Online Ratings April 2024 (desktop and domestic traffic only, does not include exclusive mobile app audience).
5. NZME Reach Study, n = 1000 nationally representative Jan 2024 (unduplicated audience across NZME print, digital, radio and podcasts).

# Digital led strategy focused on delivering superior returns



Our central objective is to relentlessly pursue a digital led strategy across our three key platforms. This will set us apart from our competitors and drive returns for shareholders. Globally these digital centric businesses are valued at much higher multiples than print peers.



The business is at a tipping point. It is now profitable. With continued focus, we remain confident that it will scale to be in a strong number two position within a sector that has a very large profit pool.



We are getting real traction on our leading podcast position in NZ and this will drive future digital revenue growth. Our strong position in news, politics and business continues to grow strongly and is improving our audio profitability. We have entertainment brands that can grow share.



We continue to invest in our digital publishing platform and a new 'business of journalism' operating model.

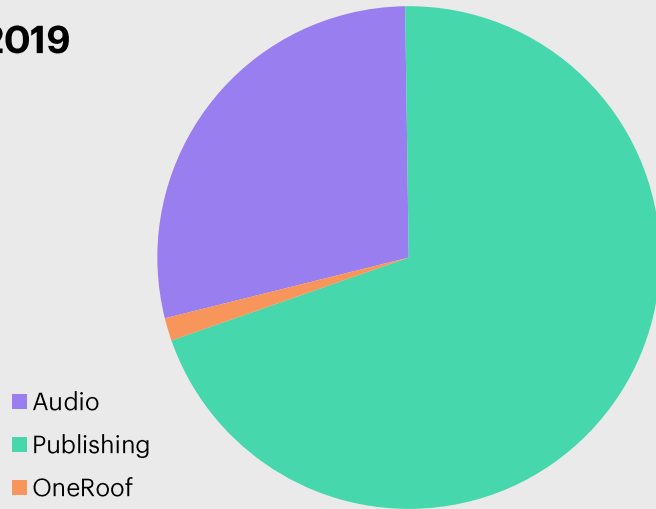
We believe this will provide us with a very different and superior capability relative to our competitors. We have a profitable digital news business that supports journalism for future generations.



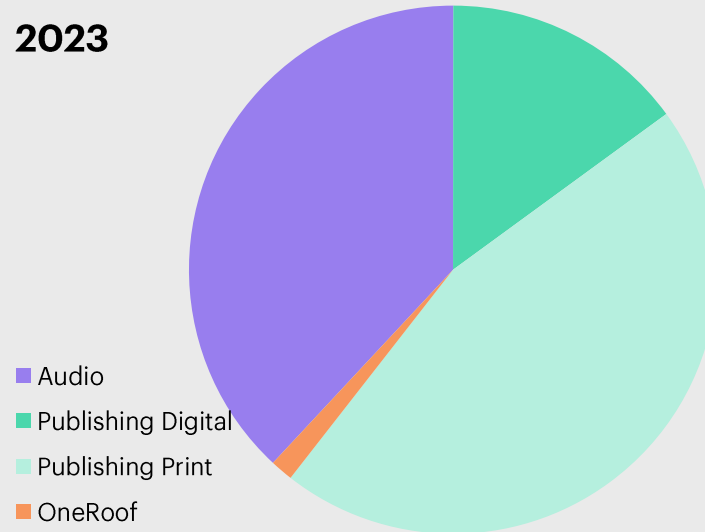
# Earnings mix transitions over the coming years with significant OneRoof contribution

The digital publishing business profitability is expected to overtake the print business during 2026

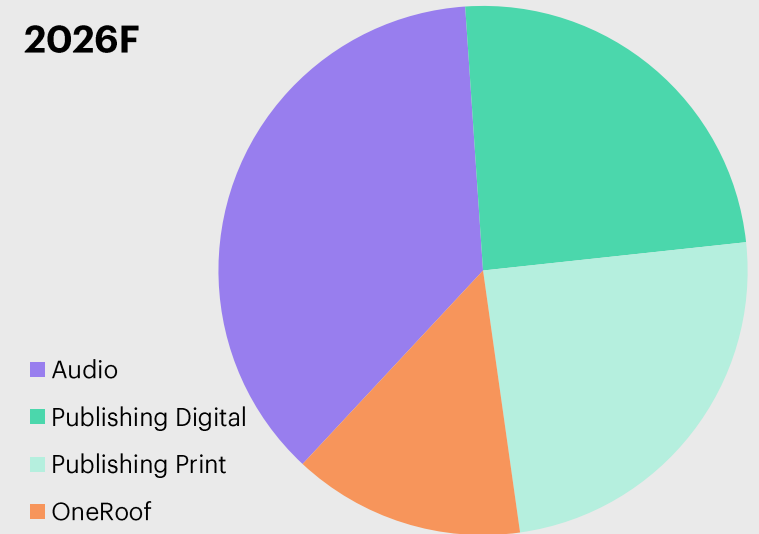
2019



2023



2026F





# NZME will leverage its strengths to deliver significant shareholder value creation

- **NZME strength**
  - NZME platforms reaches 9 out of 10 Kiwis across a month<sup>1</sup>
  - 40-50% market shares in audio and publishing businesses, with further growth identified
  - High value relationships with audience and customers across multiple platforms
  - Leading print business which delivers strong cashflows well into the future
- **Digital transformation well progressed with meaningful digital revenue<sup>2</sup>**
  - Digital revenues exceed \$100 million per annum or 29% of total revenue
  - Digital revenue growth of 19% CAGR (2019 – 2023)
- **High growth asset in OneRoof**
  - Continually reducing the audience gap to the #1 player Trade Me
  - The strategy plans for strong delivery of revenue and profitability growth
  - Key opportunity to realise higher value multiples for growth business
- **Strong balance sheet - exceptionally strong when comparing to local competitors**
  - Significant reduction in debt
  - Disciplined capital management
  - Dividends are delivering high yield returns

# Overview by Business Unit



# Continuous product improvement is at the core of OneRoof

OneRoof continues to evolve and improve



- Residential for sale
- Estimate/Valuation section
- News/editorial section
- Historical sold records
- Rental, commercial & business verticals
- Find an agent

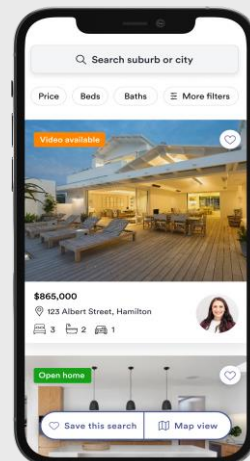
- Home builders section
- Improved valuation tool
- Mortgage calculator
- Chatbot integration

- Presence on nzherald.co.nz improved
- Valuation data enhancements
- Search profile builder
- Virtual Open Homes + Live Stream Auctions in response to Covid

- New Rural vertical
- Retirement vertical
- Personalisation
- Enhanced agent/admin tools
- Enhancements to ad units

- Agent reviews
- SEO improvements
- Audience segmentation model
- Claim/track a home

- Refactor of back end and databases
- Complete rebuild of desktop and mobile websites
- Technical SEO improvements

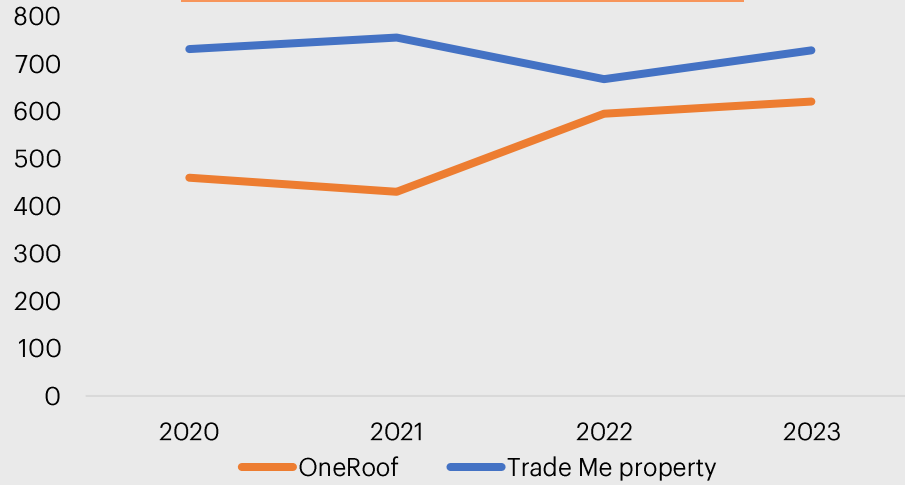


**2024**

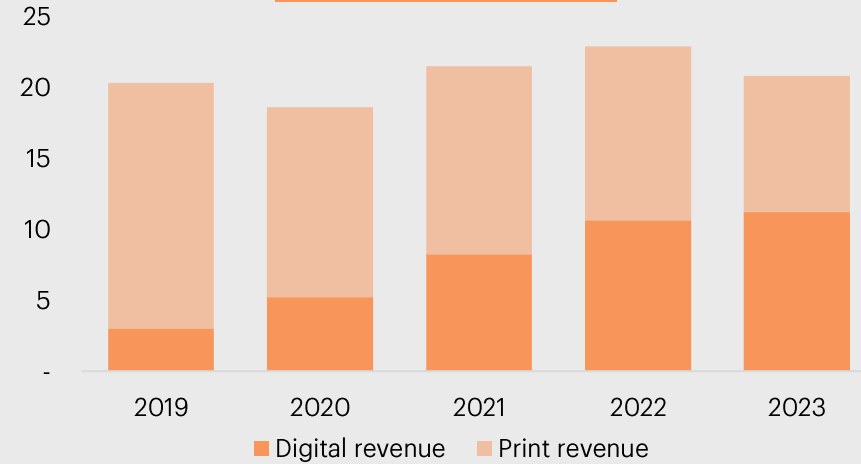
- Continued product development and personalisation
- Leverage unique passive audience by connecting news and valuations audience to listings
- Enhance boost product options and performance
- Implement dedicated sales team across New Zealand

# OneRoof momentum continues

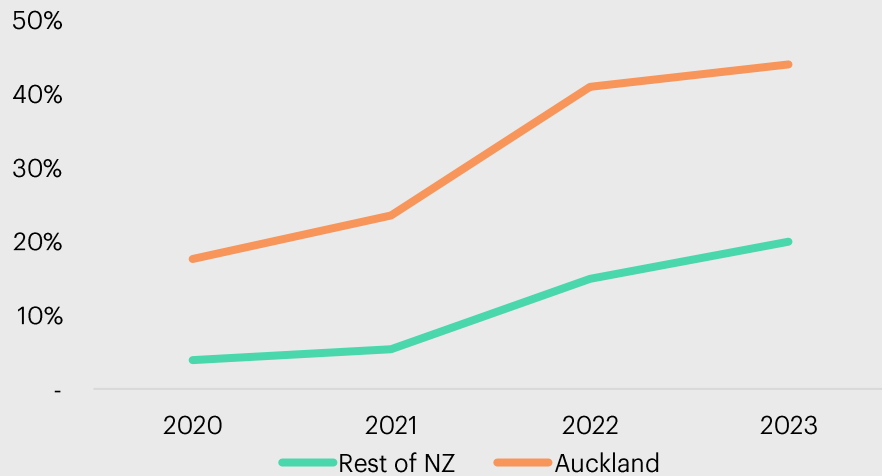
Online audience (000s)<sup>1</sup>



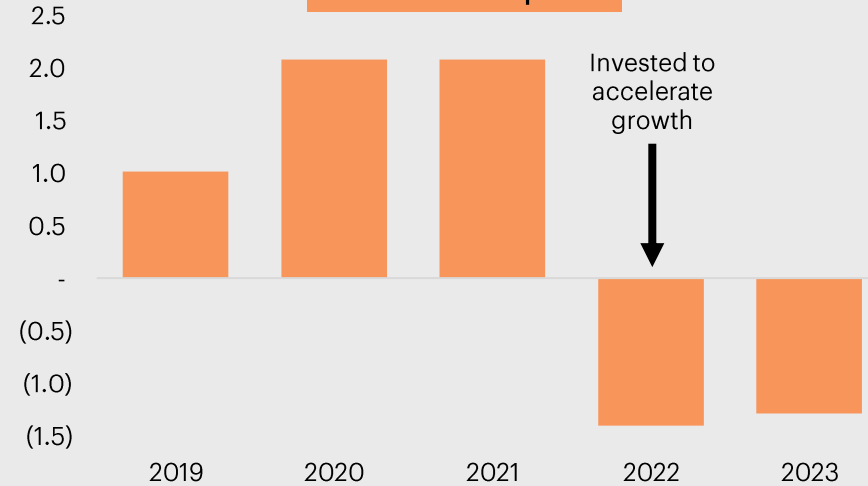
Revenue \$m



Residential for-sale listing upgrades<sup>2</sup>



EBITDA \$m



# OneRoof delivering revenue and profitability growth

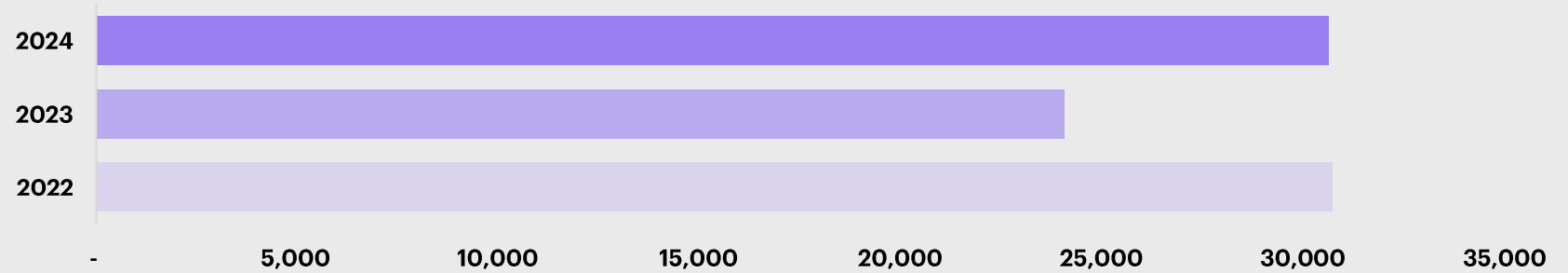
**+69%**

digital revenue growth  
(Q1 vs. 2023)

**+\$1.2m**

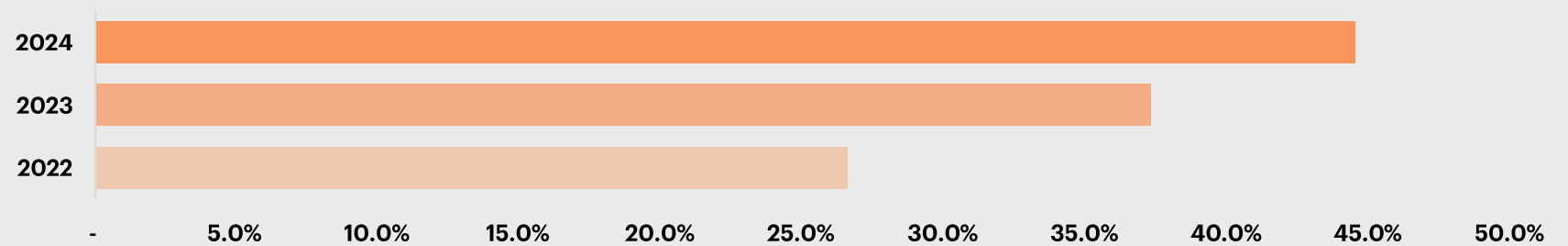
Q1 EBITDA  
(incl. NZ IFRS16)

Q1 new residential real estate market listings<sup>1</sup>

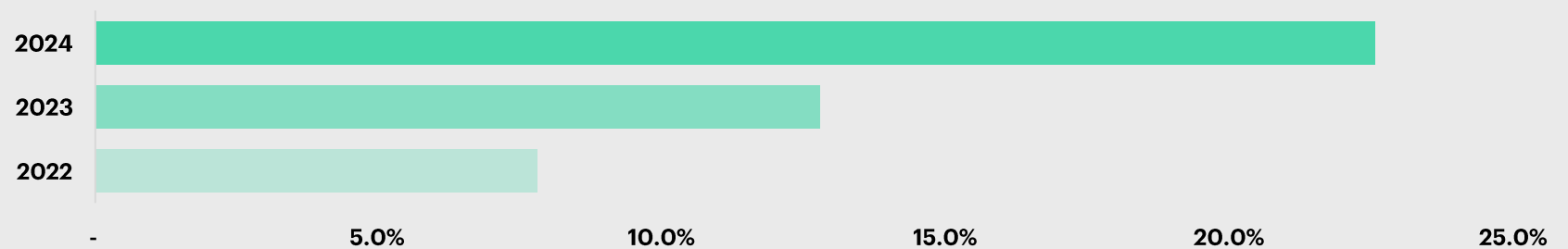


Q1 2024 listings up 27% from 2023

OneRoof Q1 average new digital residential for-sale new listings upgrade % - Auckland<sup>2</sup>



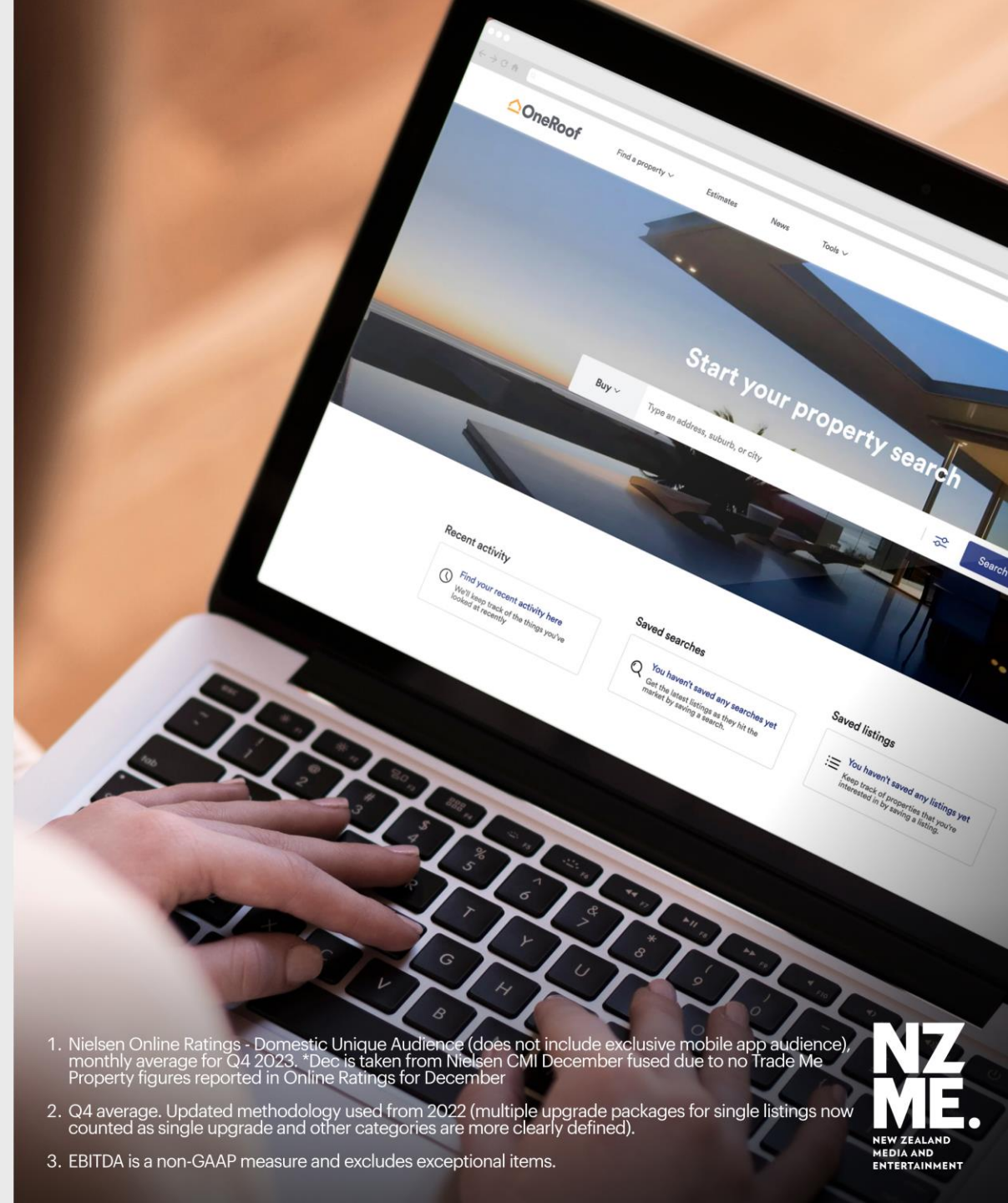
OneRoof Q1 average new digital residential for-sale new listings upgrade % - Rest of NZ<sup>2</sup>



1. REINZ data  
2. NZME analysis

# Your essential property platform

Metric	2023 actual	2026 target
Engagement	Audience 606k, gap to #1 of 187k <sup>1</sup>	Reduce audience gap to #1 Increase listing enquiries by 100%
Listings upgrade % <sup>2</sup>	44% Auckland 20% Rest of NZ	End of Year - 60% End of Year - 40%
Revenue mix	Digital 54% Print 46%	Digital 78% Print 22%
EBITDA <sup>3</sup> margin (pre NZ IFRS16)	(10%)	15-25%

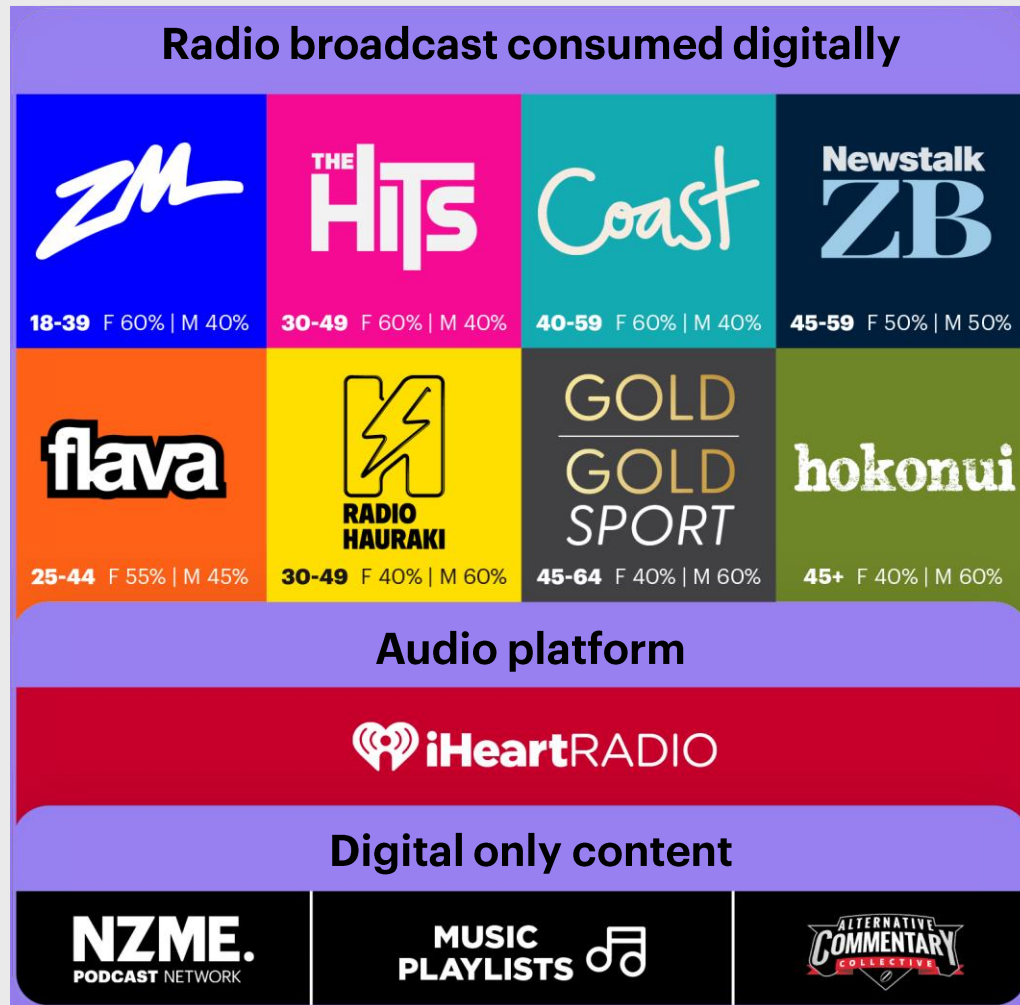


1. Nielsen Online Ratings - Domestic Unique Audience (does not include exclusive mobile app audience), monthly average for Q4 2023. \*Dec is taken from Nielsen CMI December fused due to no Trade Me Property figures reported in Online Ratings for December

2. Q4 average. Updated methodology used from 2022 (multiple upgrade packages for single listings now counted as single upgrade and other categories are more clearly defined).

3. EBITDA is a non-GAAP measure and excludes exceptional items.

# NZME's leading audio brands target all New Zealanders



- Brand portfolio incorporating leading talk and music formats
- 2 million listeners every week<sup>1</sup>
- NZ's leading podcast publisher
- NZME was the leading company at the 2023 NZ Radio Awards, winning six of the eight premier awards, including :
  - Station of the Year - Newstalk ZB
  - Best Network Team Show - Fletch Vaughan & Hayley, ZM
  - Broadcaster of the Year – Mike Hosking, Newstalk ZB



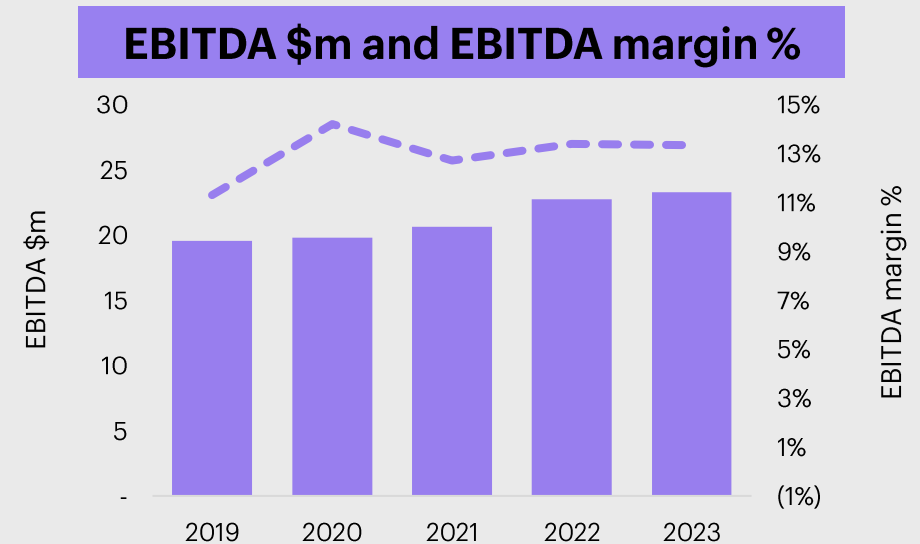
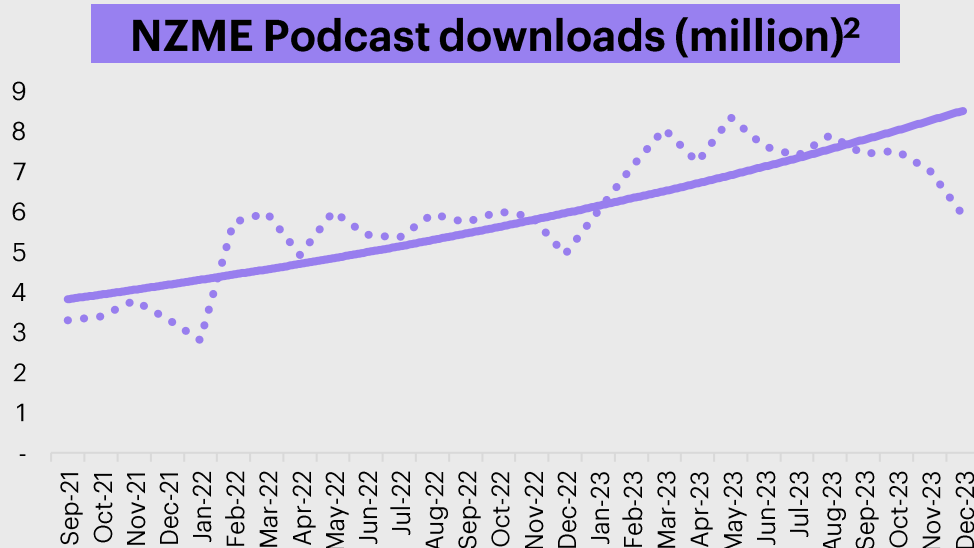
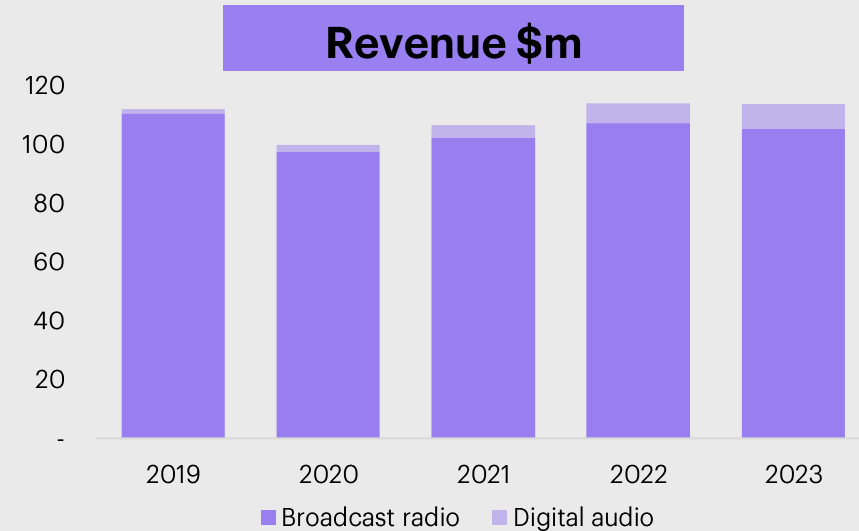
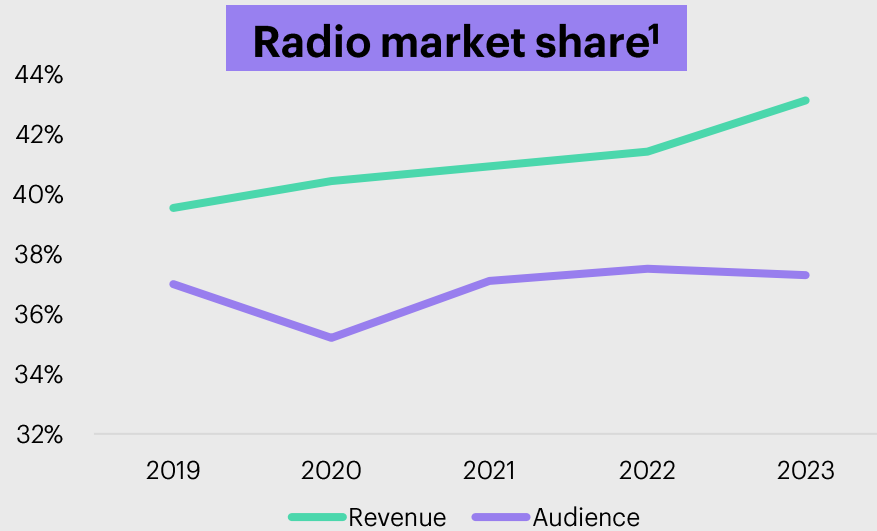
# Leading the way with podcasting

Kiwis choose us for the best local and international content



## 12 x more downloads than our nearest competitor

# Audio delivering consistent growth



1. Revenue market share: Radio Broadcasters Association Monthly Radio Market Report, 12-month average to 31 December. Note: report excludes independent broadcasters, contra revenue, and digital audio.  
 Audience market share: GfK Commercial RAM, NZME excl. Partners (doesn't include BBC Auckland), Market Share %, M-S 12mn-12mn, AP10+; S4 2019, S4 2020, S4 2021, S4 2022, S3 2023. Note: Radio Sport closed prior to S3 2020  
 2. Triton NZ Podranker, Monthly downloads Sep 2021 – Dec 2023.



# Number one in audio

Metric	2023 actual	2026 target
Audience share (% of radio audience)	37.5% <sup>1</sup>	>1% share point growth per annum
Revenue share Radio Digital <u>Total</u>	$\frac{43.1\%^2}{72.6\%^3}$ 44.5%	>1% share point growth per annum
Digital audio revenue (as a % of total audio revenue)	7.4%	12%
EBITDA <sup>4</sup> margin (pre NZ IFRS16)	13%	15-17%

1. GfK Commercial RAM, NZME excl. Partners, Total NZ, M-S 12mn-12mn, Market Share %, S3 2023, AP10+.
2. Radio Broadcasters Association Monthly Radio Market Report, 12-month average to 31 December 2023. Note: report excludes independent broadcasters, contra revenue, and digital audio.
3. Radio Broadcasters Association Monthly Radio Market Report, 12-month average to 31 December 2023. Note: report excludes independent broadcasters and contra revenue.
4. EBITDA is a non-GAAP measure and excludes exceptional items.



Mike Hosking – ZB Breakfast host

# Separating digital from print provides clear line of sight to profit pools

## Publishing Division



### Digital Publishing

- Content produced for digital publishing
- Revenue from subscribers and advertisers
- Costs include all content costs excluding specific print related curation and production



- A profitable digital business is now visible from an operational and profitability perspective. It provides the ability to fund New Zealand's leading journalism
- Digital business can now make decisions on content and audience growth specifically for the digital product
- Recognises value of digital subscriptions within print bundles

### Print Publishing

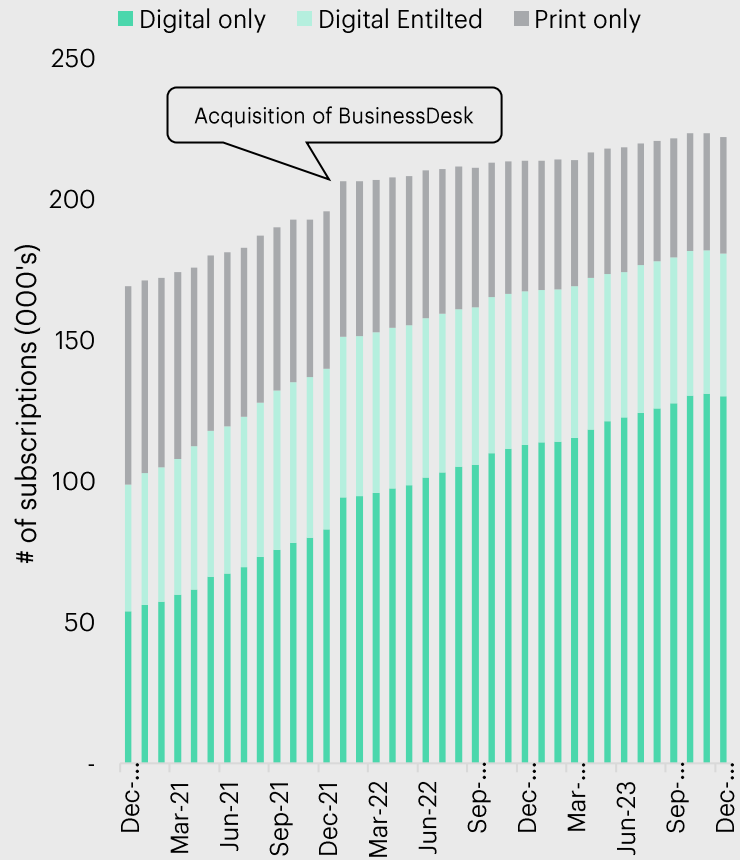
- Content from Digital journalism curated into print publications
- Revenue from print subscribers and advertisers
- Costs include only those required to curate digital content into print products and print and distribution costs



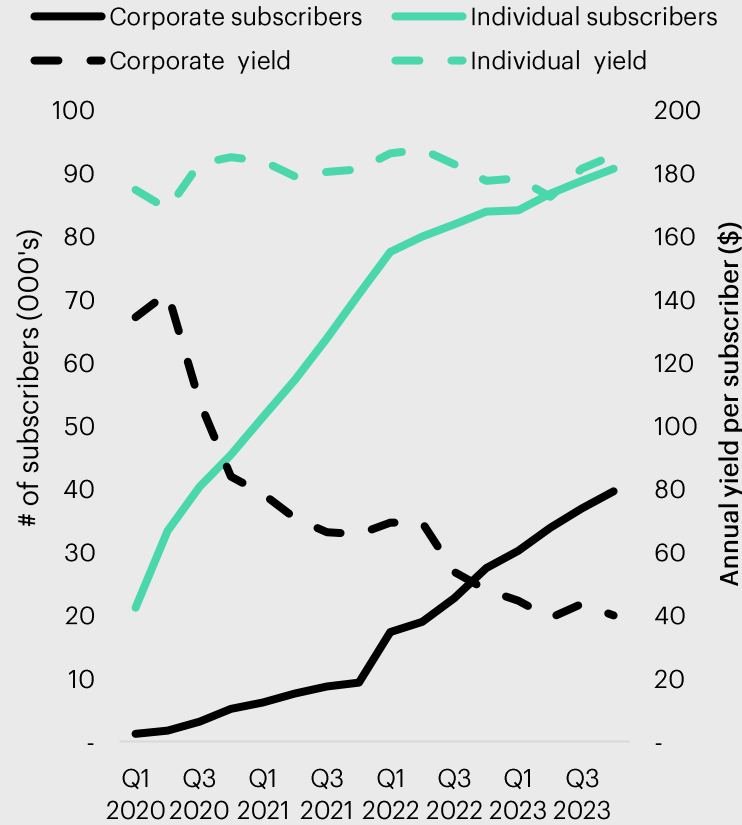
- Improves focus on operating to maximise cashflow, returns and investment trade-offs
- Extends the runway of the business with specific business focus
- Clearly enables consideration of inflection point and the potential future transfer of revenue to digital

# Continued growth of digital subscriptions

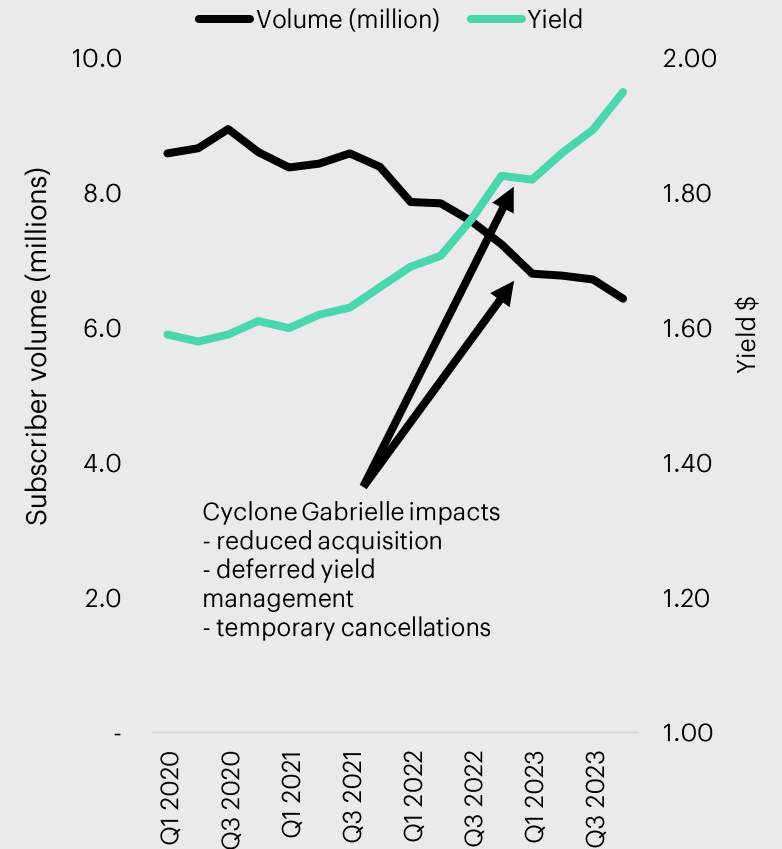
**Subscriptions Mix**



**Digital subscription volume<sup>1</sup> and yield**



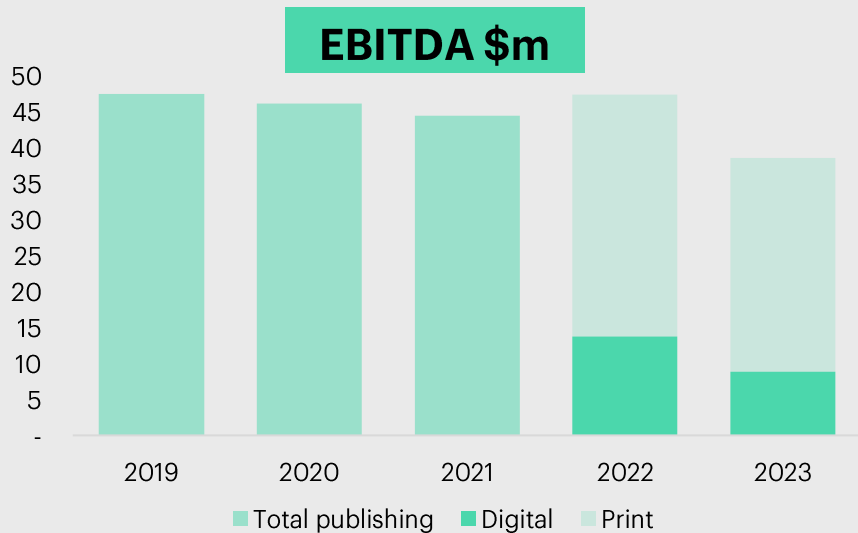
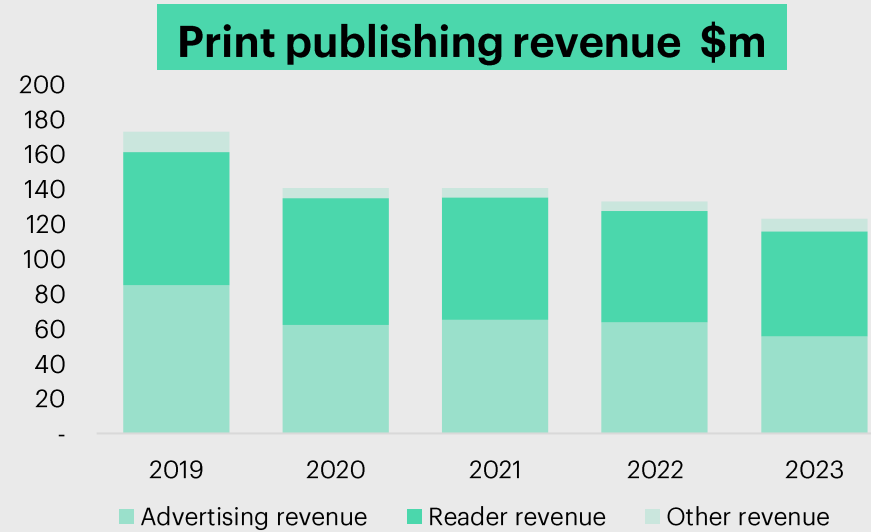
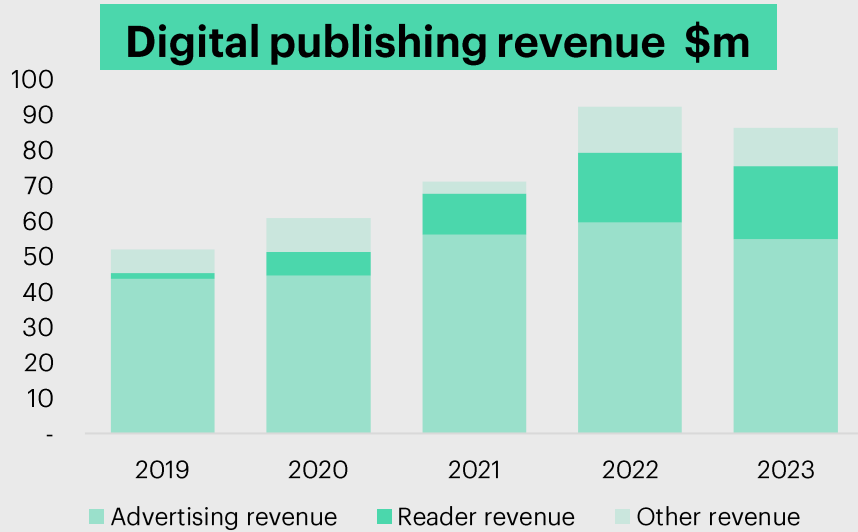
**Print Subscriber volume and yield<sup>2</sup>**



1. Digital subscription volumes, quarterly average.

2. Print subscriber volume drives revenue and represents the count of individual paid papers delivered including the NZ Herald, Herald on Sunday and Regionals. Subscriber yield includes promotional volumes.

# Publishing profit will transition to digital

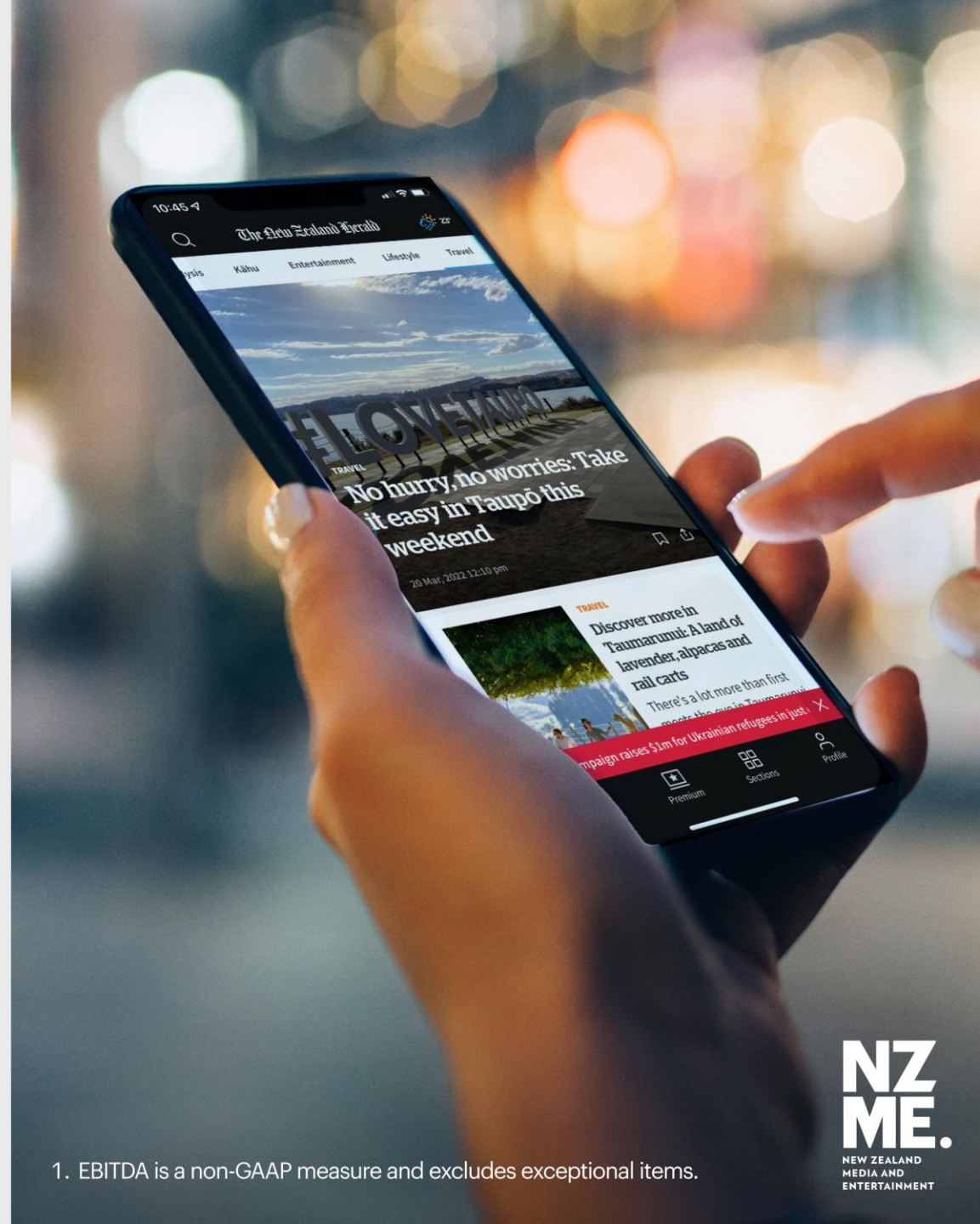


- EBITDA separated between digital and print from 2022
- FY 2023 impacted by difficult trading environment
- Digital EBITDA expected to outperform print



# New Zealand's leading news destination

Metric	2023 actual	2026 target
<b>Digital publishing</b>		
Subscription volume	130,000	190,000
Digital advertising revenue percentage	50%	60%
EBITDA <sup>1</sup> margin (pre NZ IFRS16)	7%	14-16%
<b>Print publishing</b>		
Subscription volume	92,000	>65,000
Print advertising revenue percentage	50%	40%
EBITDA <sup>1</sup> margin (pre NZ IFRS16)	19%	13-15%



1. EBITDA is a non-GAAP measure and excludes exceptional items.

# Performance

# Results Summary

- Tough economic environment impacted earnings
- Operating revenue was 5% lower reflecting the economic conditions and a weaker real estate market, however:
  - Radio market revenue share continued to grow, reaching 43.1%<sup>2</sup>, the highest since measurement began in 2016.
  - Publishing subscriptions grew to 222,000 with 130,000 digital only subscriptions.
  - OneRoof digital revenue was 5% higher year on year, despite a 12% reduction in the new residential real estate listings coming to market.
- Operating expenses were 3% lower, reflecting a continuous focus on an efficient cost base.
- Operating EBITDA<sup>1</sup> of \$56.2 million was down 13% on 2022.
- Statutory Net Profit After Tax of \$12.2 million, 46% lower than last year.
- Operating Earnings Per Share<sup>1</sup> of 7.7 cents per share.

1. Operating results presented are non-GAAP measures that include the impact of NZ IFRS 16, however, exclude exceptional items to allow for a like for like comparison between 2022 and 2023 financial years.  
 2. Radio Broadcasters Association Radio Market Report, rolling 12-month average to 31 December 2023. Note: excludes independent broadcasters, contra revenue, and digital audio.

**\$346.6m**

**Operating Revenue<sup>1</sup>**  
**2022 \$364.6m**

**\$56.2m**

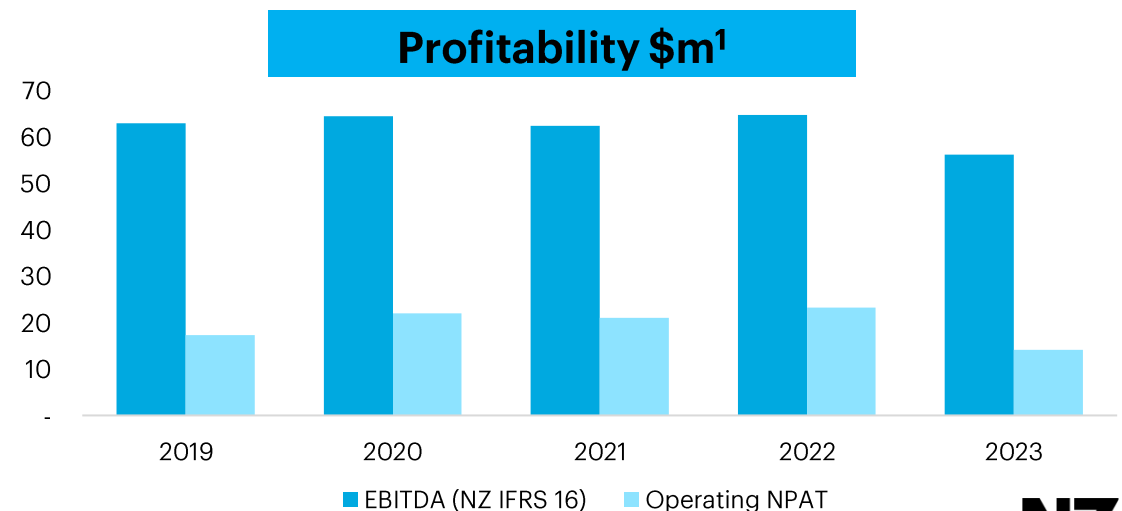
**Operating EBITDA<sup>1</sup>**  
**2022 \$64.7m**

**\$12.2m**

**Statutory NPAT**  
**2022 \$22.7m**

**\$17.3m**

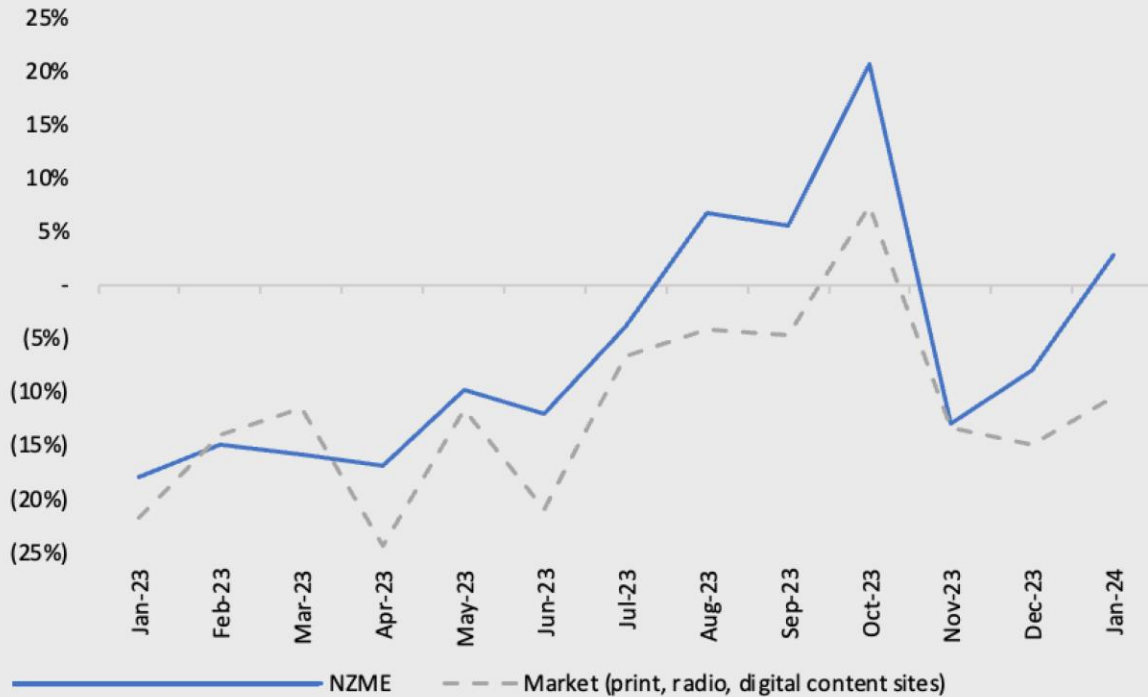
**Operating Free Cash flows**  
**2022 \$14.8m**





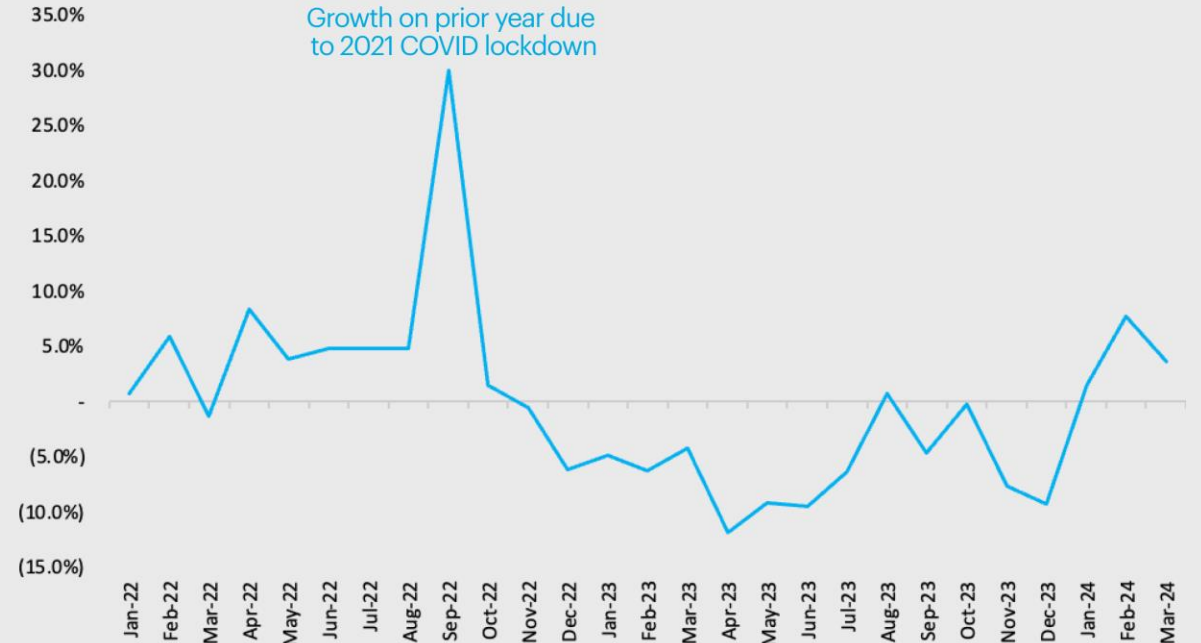
# NZME has outperformed the market during this challenging period

## Agency Advertising Revenue YoY variance<sup>1</sup>



NZME performing better than market across the year

## NZME advertising revenue YoY variance<sup>2</sup>

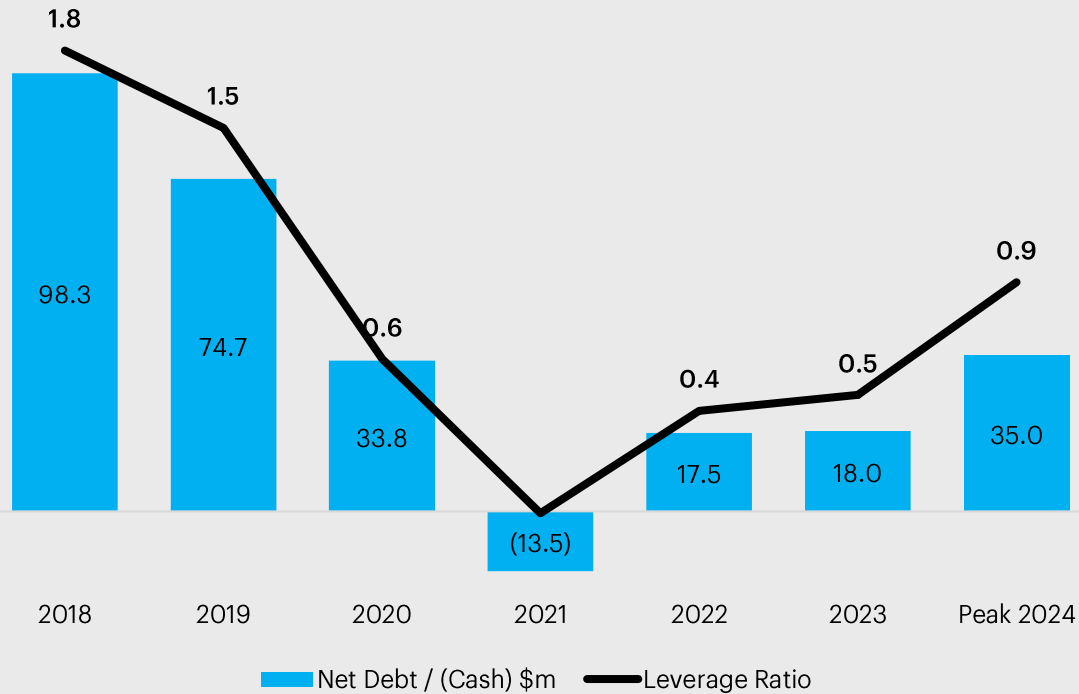


Improving trend during 2022, but 2023 lower

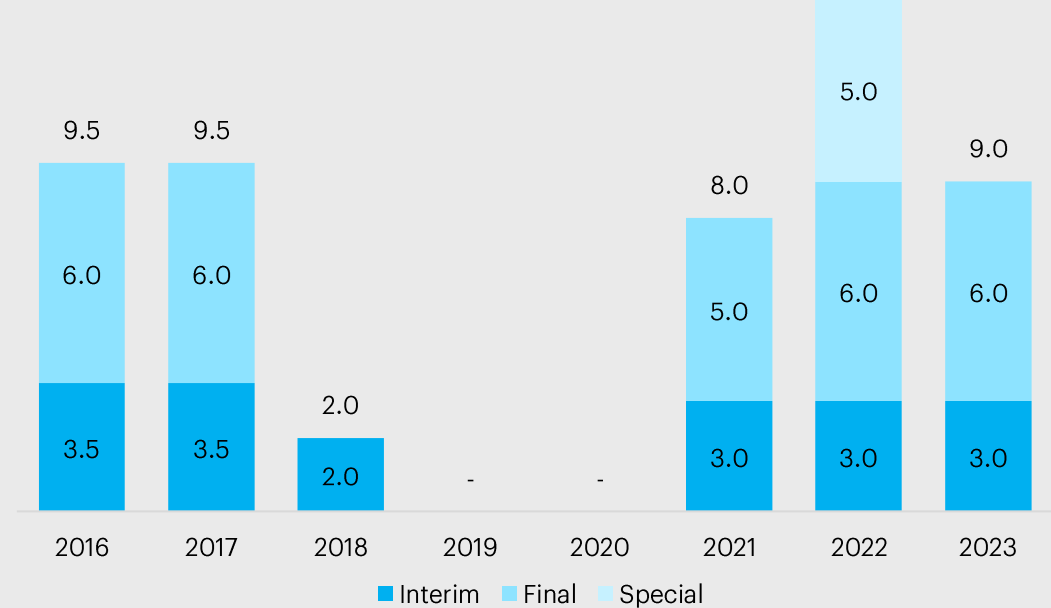
# Capital Management

# Disciplined capital management enables consistent dividends

**Net debt and Leverage<sup>1</sup>**



**Dividends declared (cents per share)**



The Board is committed to maximising distributions within existing debt facilities and in line with dividend policy

Dividend Policy

NZME intends to pay dividends of 50-80% of Free Cash Flow subject to being within its target leverage ratio and having regard to NZME's capital requirements, operating performance and financial position. Target Leverage Ratio of 0.5 to 1.0 times rolling 12 month EBITDA (pre NZ IFRS 16).



1. Net debt / 12-month Operating EBITDA (pre NZ IFRS 16)

# NZME will leverage its strengths to deliver significant shareholder value creation

- **NZME strength**
  - NZME platforms reaches 9 out of 10 Kiwis across a month<sup>1</sup>
  - 40-50% market shares in audio and publishing businesses, with further growth identified
  - High value relationships with audience and customers across multiple platforms
  - Leading print business which delivers strong cashflows well into the future
- **Digital transformation well progressed with meaningful digital revenue<sup>2</sup>**
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  - Key opportunity to realise higher value multiples for growth business
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  - Significant reduction in debt
  - Disciplined capital management
  - Dividends are delivering high yield returns

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The information in this presentation is of a general nature and does not constitute financial product advice, investment advice, legal, financial, tax or any other recommendation or advice. This presentation constitutes summary information only, and you should not rely on it in isolation from the full detail set out in NZME's Consolidated Financial Statements for the year ended 31 December 2023.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks and uncertainties. There is no assurance that results contemplated in any projections or forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about NZME Limited.

The Group adopted NZ IFRS 16 Leases on 1 January 2019 and IFRS Interpretations Committee's (IFRIC's) agenda decision on configuration and customisation costs in relation to Software as a Service (SaaS)

arrangements in 2021. Operating results as stated throughout this presentation refer to results including the adjustments for the adoption of NZ IFRS 16, and prior to exceptional items. Please refer to pages 38-39 of the annual results presentation for detailed reconciliation of these results to the statutory results. As stated in note 1.2.2 of the consolidated financial statements for the year ended 31 December 2023, certain prior period information has been re-presented to ensure consistency with current year disclosures and to provide more meaningful comparison.

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**EVERYONE'S  
HERE.**

**NZ  
ME.**  
NEW ZEALAND  
MEDIA AND  
ENTERTAINMENT