

21 February 2024

NZME Limited 2023 Full Year Financial Results

Strategic transformation continues at pace. Challenging economic environment impacts earnings.

AUCKLAND, 21 February 2024: NZME Limited (NZX: NZM, ASX: NZM) has announced its financial results for the full year ended 31 December 2023 reporting a Statutory Net Profit After Tax (NPAT) of \$12.2 million for the year.

The company also reported Operating Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)¹ of \$56.2 million which was 13% lower than 2022. Operating Revenue¹ was \$346.6 million, down 5% on the year prior.

2023 was the Company's final year of focusing on its three-year strategic targets that it set in 2020, achieving the majority of those targets, with the financial targets being impacted by the challenging economic environment. In November 2023, NZME announced its refreshed strategy, with digital transformation targets set for 2026.

Key Highlights

- NZME engages with more than 3.5 million people across New Zealand, reaching 85% of Kiwis aged 15+²
- Radio market revenue share³ reached 43.1% - the highest since measurement began in 2016.
- NZME audio revenues stable, despite a 6% overall market decline in radio advertising revenue.
- Continued to grow its digital audio business, growing digital audio by 23% with podcast revenues up 54%.
- Publishing subscriptions increased to 222,000, including 130,000 digital only subscriptions.
- The publishing digital business is profitable, including when taking into account the full investment in the journalism that appears on NZME's digital platforms, and when the stories appear in NZME's print publications.
- OneRoof grew its digital revenue by 5% year on year despite a 12% reduction in new residential listings coming to market.
- OneRoof achieved a milestone of break-even EBITDA in the second half of 2024.

Michael Boggs, NZME Chief Executive Officer, says despite NZME's financial results being heavily impacted by challenging operating conditions, the company has performed well – adapting to the challenges and continuing to deliver digital revenue growth.

“Business and consumer confidence was low throughout the year, with inflationary pressures and higher interest rates contributing to a very challenging operating environment for many New Zealand businesses. Despite this, NZME fared well compared to the market, maintaining a strong audience base of 3.5 million Kiwis or 85% of people aged 15+², growing our audio share, and seeing digital revenues now exceeding \$100 million per year, making up 29% of total revenue.

“We are focused on continuing to accelerate our digital transformation efforts and executing our refreshed strategy, which we are confident will see us growing our Audio, Publishing and OneRoof divisions,” he says.

NZME released its revised three-year strategy in November 2023 and detailed its key strategic priorities across its Audio, Publishing and OneRoof divisions. The key priorities are:

- To be Number One in Audio
- To be New Zealand's leading news destination

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- To be Your essential property platform

Barbara Chapman, NZME Board Chairman, says NZME's digital-led strategy to 2026 sets clear, aspirational targets and is focused on delivering superior returns across the business.

"The strategy sets NZME up for strong delivery of revenue and profitability growth, and our balance sheet is strong when compared to local competitors, which stands us in good stead for the future. Globally, we know that digital centric businesses are valued at much higher multiples than print peers, and NZME's relentless focus on being digital-led, whilst also maximising print revenues, will continue to provide substantial earnings and value for shareholders well into the future," she says.

NZME distributed \$16.5 million to shareholders over the past year comprising of \$11.0 million in a 2022 final dividend payout of 6 cents per share, and \$5.5 million through a 2023 interim dividend of 3 cents per share.

Based on the strong cash flows, business outlook and capital requirements the Board has declared a fully imputed final dividend of 6.0 cents per share bringing the total dividends declared in relation to the 2023 financial year to 9.0 cents per share.

Outlook

Boggs says there are positive signs for 2024, with January and February advertising revenues pacing ahead of last year, business and consumer confidence on upward trends, and a recovering real estate market. However, sentiment among market commentators remains one of economic uncertainty and there is no clear consensus on the outlook.

"We are well-positioned to deliver improved results as market conditions improve. We remain conscious of continued cost pressures across our business and will focus on efficiency improvement opportunities."

OneRoof has achieved digital revenue growth of more than 80% across January and February 2024.

Capital Management

We are pleased to have declared a final dividend for 2023 at the same level as last year, particularly against the backdrop of a difficult market.

We will continue to review potential opportunities that may present in a consolidating market and will be disciplined in reviewing any opportunities that may emerge.

The Board is committed to maximising distributions within existing debt facilities and in line with dividend policy. Given peak debt is expected to reach 0.9 times EBITDA, and the seasonality of cash flow generation is weighted to the second half of the year, the Board will review the capital management position later in the year.

The full set of NZME's 2023 Full Year Results materials can be found [here](#).

ENDS

Authorised by Michael Boggs, Chief Executive Officer.

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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. Please refer to pages 38-39 of this results presentation for a detailed reconciliation.
2. Nielsen CMI Fused Q4 22 – Q3 23 Nov 2023 AP15+ (Total NZME = monthly NZME print, weekly NIMS, Weekly Radio GfK Fused S3 2023 and monthly online fused. Publishing Digital = nzh.co.nz & driven.co.nz. Publishing Print = monthly print excl Real Estate. OneRoof Print = Real Estate sections.).
3. Radio Broadcasters Association Radio Market Report, rolling 12-month average to 31 December 2023. Note: excludes independent broadcasters, contra revenue, and digital audio.