

27 August 2024

NZME announces revenue growth in first half despite challenging market

AUCKLAND, 27 August 2024: NZME Limited (NZX: NZM, ASX: NZM) has today announced its financial results for the half year ended 30 June 2024, reporting Statutory Net Profit After Tax (NPAT) of \$1.9 million.

The company also reported Operating Revenue of \$171.0 million for the first half of the year – \$5.0 million higher the first half of 2023. Operating Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)¹ was \$21.4 million compared to \$21.3 million in the previous corresponding period.

Key highlights:

- An increase in Operating Revenue¹ and significant growth in digital revenue to \$50.1 million this half, up \$5.9 million on the first half of 2023.
- OneRoof has been a standout performer, with digital growth leading to a profit for the half.
- The audience gap between OneRoof and the number one property platform in market has reduced to a mere 10%².
- OneRoof listings enquiries increased by 29% and digital listings revenue has grown by 63%.
- Digital audio revenue increased 33% year on year.
- Podcast downloads hit 48 million for the last 12 months – up 12%³, with podcast revenues growing 68% for the half.
- Streaming radio revenue also increased by 16% over the same period and total listening hours on the platform was up 14% in the last 12 months⁴.
- NZME's digital publishing business delivered an increase in profitability in the half, with digital subscription revenue up 13% and digital subscriptions up 11% on 30 June 2023.

Michael Boggs, NZME Chief Executive Officer, says NZME has continued to deliver on its market-leading digital transformation programme throughout challenging market conditions.

"NZME remains a top performer and we continue to enhance our digital performance to ensure we're delivering value for our shareholders. We are working hard to drive improvements and in areas like audio, we continue to outperform the market with total share of revenue⁵ outperforming its share of audience⁶. This demonstrates our strength in providing excellent customer advertising solutions and driving monetisation across both our terrestrial radio and digital audio platforms, and that our customers are valuing our platforms for their advertising needs.

"NZME has a very clear three-year strategy, focused on driving the company's digital transformation forward, rapidly enhancing our customer experiences and leveraging emerging technologies to grow our competitive advantage. The business will continue to introduce market leading innovative products, accelerate the delivery of new customer experiences, streamline business processes, and improve productivity and efficiency across the business in the next six months and beyond," he says.

Capital Management

Distributions to shareholders during the first half were 6.0 cents per share being the 2023 final dividend paid on 20 March 2024. This is the same as the prior year.

Net Debt at 30 June 2024 was \$30.0 million. This is a seasonal increase from \$18.0 million at 31 December 2023 and the leverage ratio remains well within the target range of 0.5 – 1.0 times EBITDA and is consistent with the same period last year. We project a reduction in net debt by the end of 2024, with the leverage ratio returning to the low end of the target range.

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The Board regularly reviews the capital management position of the company and continues to have a desire to operate at the lower end of the target leverage ratio given the uncertain market conditions.

The Board has declared a fully imputed interim dividend of 3.0 cents per share, payable on 25 September 2024.

Outlook

NZME delivered growth in advertising revenue of 4% in the first quarter of the year, however this slowed in the second quarter to 2%. Quarter three is currently tracking to 1% growth year on year. We have implemented initiatives to remove \$6 million of annualised cost which will take effect in the second half.

“The difficult trading conditions and reduced confidence levels within the business community have seen the advertising market reduce year on year,” says Boggs.

OneRoof is continuing to deliver rapid audience, revenue and profitability growth.

“As we head into our largest quarter of the financial year, businesses are signalling their intention to spend as sentiment improves. NZME remains well-positioned to take advantage of this growth.”

The operating environment remains uncertain. Based on current performance, NZME confirms that it expects to be at the lower end of the EBITDA range previously issued of \$57 million to \$61 million.

“I’d like to thank our agency partners, our clients, shareholders and our audiences for their continued support of NZME’s strategic direction and transformation efforts. A big thanks to our NZME team, all of whom have worked extremely hard this year to deliver these pleasing results in a difficult economic environment. Thank you to each and every one of you for your determination and commitment,” says Boggs.

The full suite of 2024 Interim Results material 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 2023 and 2024 financial years. Please refer to pages 40-41 of the results presentation for a detailed reconciliation.
2. Nielsen Online Ratings Apr 24 – Jun 24 monthly average (desktop and domestic traffic only, does not include exclusive mobile app audience) % is the gap as a percentage of trademe.co.nz/property quarterly average
3. Triton Metrics NZ June 2024 (12 months to June 2024 compared to the prior period)
4. Adswizz AudioMetrix June 2024 (12 months to June 2024 compared to the prior period)
5. RBA Monthly Radio Market Report rolling 12 months as of June 2024 (radio and digital revenue share between NZME and Mediaworks).
6. GfK RAM, S1 2024, Total NZ, M-S 12mn-12mn, AP10+, Cume.