

25 August 2023

NZME expects a stronger second half and maintains dividend

AUCKLAND, 25 August 2023: NZME Limited (NZX: NZM, ASX: NZM) (“NZME”) has today announced its financial results for the half year ended 30 June 2023, reporting Statutory Net Profit After Tax (NPAT)¹ of \$2 million. Operating Revenue was \$166 million for the first half of the year - down 6 percent against the first half of 2022, which was largely reflective of a difficult economic environment.

NZME also reported Operating Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$21.3 million compared to \$28.1 million in the previous corresponding period.

Michael Boggs, NZME Chief Executive Officer, says although the first half of the year has been challenging and the economic recession has had a significant impact on the first six months of results, the second half of the year is already starting to show positive signs of growth.

“With New Zealand in economic recession for the first time in a decade, the impacts of inflationary pressures, weak consumer and business confidence, and a depressed real estate market have all contributed to lower revenue for NZME in the first half of 2023. However, we have fared well through having an effective, clear strategy and being committed to our digital transformation objectives while remaining as efficient as possible to offset inflationary cost pressures,” says Boggs.

NZME’s overall advertising revenue was 7 percent lower at \$116.4 million compared to H1 2022. Advertising revenues were impacted by reductions in real estate, government and retail advertising, as well as travel advertising not yet returning to pre-COVID levels. Advertising revenue across our Audio business was largely flat, year on year, but with a pleasing 28 percent growth in digital audio revenues.

“Despite the challenges we’ve continued to diversify the content on offer across our digital platforms – be that through audio, publishing or OneRoof, so we can grow audiences and continue to deliver results,” says Boggs.

Key highlights:

- NZME achieved growth in its overall subscriptions from 209,000 at the end of 2022 to 218,000, with 123,000 of these being digital only subscriptions.
- Strong growth in digital audio revenue continued - up 28 percent in the first half of 2023 compared to the previous corresponding period.
- Radio revenue market share grew to 42.4 percent – up 1 percent compared to 2022 and the highest share it has achieved since measurement commenced in 2016.
- Despite a deflated Real Estate market and fewer property listings, OneRoof achieved a 64 percent increase in visits to its for-sale listings and a 25 percent increase in enquiries on listings year on year.
- NZME’s digital audio platform – iHeartRadio continues to grow, averaging more than 6.3 million hours² of listening on a monthly basis.
- The NZME podcast network remains the top podcast network in the country, with 1 million monthly³ listeners delivering more than 44 million downloads⁴ for the first half of this year.

Capital management

Barbara Chapman, NZME Chairman says: “NZME is making good progress towards our strategic targets, broadening our portfolio of platforms and content, and making further gains in digital transformation. This is despite the current economic climate having a negative impact on company performance.

“Given the uncertain environment, the Board continues to have a desire to operate at the lower end of the target leverage ratio and will continue to review its capital management options,” says Chapman.

NZME expects to see a release of working capital in the second half of 2023 and based on the expected financial performance, net debt is forecast to reduce by the end of the year resulting in net debt below the lower end of the target leverage ratio.

The NZME Board has today declared a fully imputed interim dividend of 3.0 cents per share.

Outlook

Boggs says there are signs of recovery in overall business confidence, and interest rates are peaking. In positive signs for OneRoof, real estate sentiment is also improving, and we therefore look forward to capitalising on the audience and performance gains we have made during the downturn.

“Quarter four is typically our largest quarter. 2023 will be influenced by many things, especially the New Zealand election, the Rugby World Cup and the partial recovery of the real estate market,” says Boggs.

Based on current performance, NZME confirms that it expects to be at the lower end of the EBITDA range previously issued of \$59-\$64 million for 2023.

“NZME has a clear and effective strategy, and we continue to deliver on the key elements of that strategy. I’d like to thank our commercial partners, our valued investors and our audiences for their continued support, as well as our fantastic team at NZME for their hard work, perseverance and commitment to growing our business every day,” he says.

The full suite of 2023 Interim Results material can be found [here](#).

ENDS

Source: ¹ Operating results presented are non-GAAP measures that include the impact of NZ IFRS 16, however exclude exceptional items to allow for like for like comparison between the 2023 and 2022 financial periods. ²Adswizz AudioMetrix, NZME Network Stations, Monthly Average, Jan-Jun 2023. ³Triton NZ Podranker as at June 2023. ⁴Triton NZ Podranker Jan – June 2023.

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