

MARKET ANNOUNCEMENT

10 November 2020

NZME updates FY20 guidance and announces revised capital management plan and dividend policy

AUCKLAND, 10 November 2020: NZME Limited (NZX: NZM, ASX: NZM) (“**NZME**”) advises that it now expects to deliver FY20 Operating EBITDAⁱ of \$63-66 million (an improvement on guidance issued on 25 August 2020 of \$60-63 million).

The improved forecast is driven by a better than anticipated revenue recovery from the COVID-19 crisis whilst costs continue to be closely managed. Advertising revenues for Q4 2020 are expected to be down 7% year-on-year.

The NZME Board has also confirmed a revised capital management plan and dividend policy:

NZME intends to pay dividends of 30-50% of free cash flow subject to being within its target leverage ratio range of 0.5 to 1 times rolling 12 month Trading EBITDAⁱⁱ and having regard to NZME’s capital requirements, operating performance and financial position.

The terms of NZME’s debt facility restrict the company from paying dividends until after 30 June 2021. Payment of dividends is at the discretion of the Board and the capital management plan and dividend policy may change at any time at the Board’s discretion.

NZME’s net debt at 30 September 2020 was \$50.9 million, down from \$55.2 million at 30 June 2020 and the company expects net debt of less than \$45m at 31 December 2020. The Board has determined that a target leverage ratio in the range of 0.5 to 1 times rolling 12-month Trading EBITDAⁱⁱ is appropriate in the current environment. The new target level of debt allows NZME the flexibility to invest in areas of the business to grow shareholder value, whilst also returning value to shareholders through future dividend payments where economic conditions permit.

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Authorised by the Board of NZME.

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ⁱ Operating EBITDA is a non-GAAP measure and is presented as including the impact of IFRS16, however excluding exceptional items (redundancy costs, one-off projects and other exceptional items) to allow for a like-for-like comparison between 2019 and 2020 financial years. Please refer to the NZME Half Year Results Presentation on NZX and ASX for a full explanation.

ⁱⁱ Trading EBITDA is a non-GAAP measure equivalent to Operating EBITDA but excluding the impact of IFRS16.