



ASX Announcement: 28 August 2018

2018 RESULTS ANNOUNCEMENT

PRIME MEDIA GROUP (ASX:PRT) today released its results for the financial year ended 30 June 2018.

Statutory Results Summary:

- Revenue \$219.2M, down 8.7% on the prior corresponding period
- EBITDA \$45.2M, down 29.5% on prior corresponding period
- Operating costs up 10.2% on prior corresponding period
- Additional \$21M impairment of television broadcast licences. Full year impairment of \$52M
- Net loss after tax of \$12.3M, decreasing 133.9% on prior corresponding period

Core NPAT:

- \$25.3M at top end of market guidance

Capital Management:

- Net interest bearing debt of \$14.8M at 30 June 2018

Prime Media Group Limited (**Prime**) confirms its core net profit after tax for the 2018 financial year of \$25.3M is at the top end of market guidance.

Prime reported a statutory loss after tax of \$12.3M, representing a decrease of \$48.5M or 133.9% on the prior corresponding period. Included in the statutory loss are non-cash impairments of the television licences of \$31.0M reported at 31 December 2017 and an additional \$20.7M at 30 June 2018. The impairment charges reflect the ongoing decline of the regional free-to-air television advertising markets and the contracted increase in program supply arrangements with the Seven Network from 1 July 2018.

Advertising revenue fell 8.7% in the reporting period reflecting the absence of the Rio Olympic Games in the first half and otherwise soft conditions in the second half. While the Gold Coast Commonwealth Games broadcast improved audiences and revenue in the second half, advertiser spend in the Commonwealth Games was materially less than the Rio Olympic Games due to fewer days of competition.

During the reporting period Prime's 3AGG market audience share* was back 0.2 of a share point to a 40.4 share, 2.1 share points clear of Nine Affiliates and 19.2 share points clear of Ten Affiliates. For this calendar year to date Prime has a 40.9 share, 3.0 share points ahead of Nine Affiliates and 19.7 share points ahead of Ten affiliates.

Operating costs increased by \$5.1M or 10.2% in part due to the inclusion of the new spectrum licence tax that was waived in the prior year. During the year the Board made the difficult decision to suspend the dividend program to prioritise a reduction in the Company's interest bearing debt. Consistent with this

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approach, the Board made the decision to reduce the size of the Company's key executive management team, delivering an annualised saving of \$1.8M.

Chief Executive Officer, Mr Ian Audsley said, "We're pleased to have delivered a core net profit of \$25.3M that is at the high end of market guidance. It's a good result in an otherwise challenging year. Our sales teams maintained an industry-leading revenue share of 41.9% and extracted optimal opportunity from the Gold Coast Commonwealth Games in the second half, which somewhat ameliorated the choppiness of the regional TV ad market.

Outlook

Mr Audsley concluded, "Prime made the decision to seek an early renegotiation of its program supply arrangements with the Seven Network to ensure audience and business continuity over the next 5 years - a step that was necessary for Prime to understand its capacity to grow into the future. With the core business secured for the medium term and debt at historic low levels, the company now has the opportunity to understand and evaluate its opportunities. Management is also well advanced in identifying ways to mitigate the increase in program costs and the subsequent impact to earnings.

Prime's core net profit after tax for the 2019 financial year is forecast to be \$12.0M - \$15.0M after taking into account market declines and increased affiliation fees. Prime will provide a trading update in October 18, at which time it will have more visibility into regional advertising markets and the potential for this summer's cricket coverage.

Prime's dividend program has not been re-instated at this time."

*Audience data source: Regional TAM | 3 Aggregated markets of NNSW, SNSW & VIC combined | Total People | Consolidated data

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Investor Briefing

A telephone briefing will be held for shareholders and the investment community at 9:00am (AEST) tomorrow (29 August 2018).

The teleconference details are as follows:

Sydney: (02) 9193 3706
Toll free Australia: 1800 573 793
Conference code: 9429605

Contacts

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