

PRIME

MEDIA GROUP

Investor briefing on 29 August 2018

Financial result for the year ended 30 June 2018

FULL YEAR RESULT 2018 FINANCIAL YEAR

- CORE NET PROFIT*: \$25.3 million at top end of market guidance
- STATUTORY LOSS: \$12.3 million, down 133.9% on prior period
- IMPAIRMENT: additional charge of \$20.7 million against television broadcast licences. Total for the year \$51.7 million
- TOTAL REVENUE: \$219.2 million down 8.7% on prior period
 - National advertising revenue share: market leading 41.9 share^
- EBITDA: \$45.2 million down 29.5% on prior period
- OPERATING COSTS: up \$5.1 million or 10.2% on prior period
 - Includes new spectrum licence tax: \$3.5 million and one-off redundancy costs of \$1.0 million
 - Employee expenses were down \$3.3 million or 8.4% on prior period
- NET INTEREST BEARING DEBT: \$14.8 million, down from \$36.9 million at 30 June 2017
- Dividend program suspended until further notice

* Core net profit is a non IFRS measure that in the opinion of the Directors is useful in understanding and appraising the company's performance. A reconciliation of statutory profit after tax to core net profit is set out on slide 5 of this presentation.

^ Source: KPMG three aggregated regional markets of Northern New South Wales, Southern New South Wales and Victoria industry data

STATUTORY RESULTS	FY18 \$'000	FY17 \$'000	VARIANCE	
			\$'000	%
Revenue from services	217,980	237,426	(19,446)	(8.2%)
Interest income	134	141	(7)	(5.0%)
Other income	1,044	2,492	(1,448)	(58.1%)
TOTAL REVENUE	219,158	240,059	20,901	(8.7%)
EBITDA	45,157	64,060	(18,903)	(29.5%)
(LOSS)/PROFIT FOR THE YEAR	(12,275)	36,244	(48,519)	(133.9%)
 BASIC EARNINGS PER SHARE (CPS)	 (3.4)	 9.9		

CORE EARNINGS	FY18	FY17	VARIANCE	
	\$'000	\$'000	\$'000	%
(LOSS)/PROFIT AFTER TAX	(12,275)	36,244	48,519	(133.9%)
SPECIFIC ITEMS				
Impairment of television broadcast licences	51,690	-		
Release of deferred tax liability arising from impairment	(15,507)	-		
Redundancies	1,019	504		
Gain on sale of surplus assets	-	(1,005)		
Non-recurring legal and consulting expenses	911	-		
Income tax benefit related to specific items	(579)	(151)		
CORE PROFIT EXCLUDING SPECIFIC ITEMS AND AFTER TAX	25,259	35,592	(10,333)	(29.0%)

POWER RATIO

	FY18	FY17	Variance (PP)
Total revenue share*	41.9%	43.8%#	1.9
Audience share^	40.4%	40.6%	0.2
POWER RATIO	1.04	1.08	0.4

FY17 Audience share includes the RIO Olympic broadcast in August 2016

** Total advertising 3AGG market - KPMG monthly shares*

^ Regional TAM: All people 6am to midnight for the period 1 July 2017 to 30 June 2018, 3AGG market

NET DEBT & GEARING

June 18

June 17

Variance

Net interest bearing debt (\$'000)

14,793

36,950

22,157

Gearing ratio (%)

23.5%

35.5%

Total debt to EBITDA (times)

0.6

0.7

Interest cover to EBITDA (times)

28.5

24.8

Facility limit reduced to \$60M at 30 June 2018 (FY17: \$80M)

OUTLOOK

- Program supply agreement with Seven Network extended from 1 July 2018 for 5 years
 - New long term agreement recognises Seven Network investment in AFL and Cricket broadcast rights and in Australia's No1 program schedule
 - \$15 million upfront payment (2013 agreement \$10 million)
 - Annual program supply rate to increase in FY19 with additional step up in FY20 and then flat for the remainder of the agreement
- Short term trading conditions continue to be challenging in regional markets
- Prime in-market with cricket from August 2018
- Debt reduction remains the company's priority - dividend program suspended in the interim in the best interests of the company, its shareholders, employees and its creditors
- FY19 Core Net Profit After Tax is forecast to be between \$12 million and \$15 million
- Next trading Update in October 2018

QUESTIONS

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