



ASX Announcement: 23 August 2016

2016 RESULTS ANNOUNCEMENT

PRIME MEDIA GROUP (ASX:PRT) today announced its results for the financial year 2016 and lodged its 2016 Annual Report.

Statutory Results Summary:

- Revenue \$238.8 million, down 7.7% on the prior corresponding period
- EBITDA \$55.4 million, down 17.1% on the prior corresponding period
- Net loss of \$93.5 million, which included a one-off non-cash impairment of television licences and goodwill of \$122.9 million

Core NPAT:

- \$27.3 million, down 18.3% on the prior corresponding period

Capital Management:

- Net debt of \$65.5 million, down from \$78.9 million
- Final dividend of 1.7c per share (fully franked), resulting in full year dividends of 3.7c per share (fully franked)

PRIME MEDIA GROUP's Chief Executive Officer Ian Audsley said:

"We are pleased to have outperformed guidance provided to the market in April this year, particularly given the established difficulties in the regional television advertising market, which were further compounded by the uncertainty of network affiliation changes for our two main competitors."

"It was also encouraging to have once again increased our share of audience and share of revenue. The 2016 financial year is the 5th consecutive year of audience and revenue share leadership for the Company and PRIME remains the number 1 ranking regional broadcaster in Australia."

"The structural challenges facing regional television have, however, compelled the Board to review and adjust downward the carry value of television licences and goodwill, resulting in a one-off, non-cash impairment of \$122.9 million."

"This adjustment reflects the impact of new and largely unregulated market entrants, increased competition for audiences from global and Australian media platforms, and the comprehensive reach of the internet and streaming services. All of these factors impact regional television audiences and our revenue. However, PRIME is the last television



business in Australia to write down the value of its television licences, which reflects the Company's outperformance, compared to the industry, in recent years."

"The non-cash impairment charge does not affect the Company's bank covenant."

"The statutory result for the 2016 financial year is a consolidated loss after tax of \$93.5 million. However, core net profit after tax of \$27.3 million is 11.4% above the guidance provided to the market in April 2016, and a decrease of 18.3% on the prior corresponding period."

"Reported revenue of \$238.8 million for the full year was down 7.7% on the previous corresponding period."

"We have continued our focus on lowering debt, which was reduced during the year by \$13.3 million to \$65.5 million. The Company continues to operate comfortably within bank covenants, with gearing at 1.4 times EBITDA."

"Our operating expenses, which were tightly controlled in the difficult revenue environment, are down by \$1.2 million or 2.3% on the prior year, mainly due to a reduction in employee costs."

Dividend

Mr Audsley said: "Today we have announced that we will pay a dividend of 1.7 cents per share, fully franked. This is consistent with the decision made by the Board at the half year to reduce the dividend payout ratio to 50% and makes the full year dividend 3.7 cents per share."

FY17 Outlook

Mr Audsley said: "Regional television remains under revenue pressure at both national agency and local sales levels. However, the Rio Olympic Games broadcast will deliver PRIME a much improved revenue outcome compared to July and August 2015. We have also flagged increased costs associated with marketing the Rio Olympics."

"Combined with the AFL Finals series in September, we expect first quarter advertising revenue to show strong improvement on the prior corresponding period. Visibility into the second quarter is limited."

"Excluding one-off Olympic marketing costs, underlying expenses should not exceed 3% in the first half of the financial year."

"We are witnessing a decline in regional television audiences. The increased competition for regional viewers is clearly evident in viewers aged between 25 to 54, which, as a category declined 12.3% on the previous year."



“In the short term, PRIME expects to maintain its leading audience position and the disruption caused to our competitors with the recent changes in network affiliation should work to our benefit for the remainder of the first half.”

“Due to limited visibility in the second quarter PRIME cannot provide an earnings forecast for the first half of the 2017 financial year.”

“Given the challenges we face, PRIME once again urges all Federal members of parliament to stand up for the future of regional media by supporting the Government’s Media Reform Bill when it is introduced. The time for review is over – it is now time for action.”

“Additionally, reducing licence fees paid by the broadcasting sector, to a level where they are consistent with international standards, is well overdue and the Government needs to remove this onerous impost on our businesses as soon as possible.”

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Investor Briefing

A telephone briefing will be held for shareholders and the investment community at 10:00am (AEST) today. The teleconference details are as follows:

Australia: 1800 268 165
Passcode: 6906728

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