

PRIME

MEDIA GROUP

Investor briefing on 19 February 2018

Interim financial result December 2017

INTERIM RESULT 2018 FINANCIAL YEAR

- STATUTORY LOSS: \$8.6 million, down 149.4% on prior period
- IMPAIRMENT: television broadcast licences \$31.0M
- TOTAL REVENUE: \$113.3 million down 13.3% on prior period
 - National advertising revenue share: market leading 41.8 share[^]
- EBITDA: \$24.3 million down 22.1% on prior period
- CORE NET PROFIT*: \$14.0 million, down 21.1% on prior year but ahead of market guidance
- OPERATING COSTS: up \$878K or 3.5% on prior period
- NET INTEREST BEARING DEBT: \$29.2 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: SMI three aggregated regional markets of Northern New South Wales, Southern New South Wales and Victoria industry data

STATUTORY RESULTS	1H18	1H17	VARIANCE	
	\$'000	\$'000	\$'000	%
Revenue from services	112,529	129,790	(17,261)	(13.3%)
Interest income	68	79	(11)	(13.9%)
Other income	676	812	(136)	(16.7%)
TOTAL REVENUE	113,273	130,681	(17,408)	(13.3%)
EBITDA	24,326	31,241	(6,916)	(22.1%)
(LOSS)/PROFIT FOR THE HALF-YEAR	(8,597)	17,402	(25,999)	(149.4%)
 BASIC EARNINGS PER SHARE (CPS)	 (2.3)	 4.8		

CORE EARNINGS	1H18	1H17	VARIANCE	
	\$'000	\$'000	\$'000	%
(LOSS)/PROFIT AFTER TAX	(8,597)	17,402	(25,999)	(149.4%)
SPECIFIC ITEMS				
Impairment of television broadcast licences	31,016	-		
Release of deferred tax liability arising from impairment	(9,305)	-		
Redundancies	421	502		
Non-recurring legal and consulting expenses	865	-		
Income tax benefit related to specific items	(386)	(151)		
CORE PROFIT EXCLUDING SPECIFIC ITEMS AND AFTER TAX	14,014	17,753	(3,739)	(21.1%)
INTERIM DIVIDEND	-	1.7 cps		

NET DEBT & GEARING

	Dec 2017	June 2017	Variance
Net interest bearing debt (\$'000)	29,213	36,950	7,737
Gearing ratio (%)	35.9%	35.5%	
Interest cover to EBITDA (times)	28.5	24.8	

OUTLOOK

- In June 2017, Prime budgeted for a 25% to 30% reduction in net profit after tax for the 2018 financial year. The current trading conditions suggest Prime will be at the bottom end of guidance, inclusive of a successful Commonwealth Games and Winter Olympics
- National advertising market:
 - Forward bookings to March 2018 are tracking below STLY
 - Commonwealth Games sponsorship: positive interest
- Local advertising market performance continues to be heavily influenced by local retail sentiment and employment conditions
- Decision to suspend dividend to prioritise debt repayment has been made in the best interests of the company, its shareholders, and other stakeholders
- Trading update will be provided in April 2018