

# PRIME

MEDIA GROUP

Investor briefing on 23 August 2019

Financial result for the year ended 30 June 2019

# FULL YEAR RESULT 2019 FINANCIAL YEAR

- CORE NET PROFIT\*: \$17.2 million within market guidance
- STATUTORY PROFIT: \$7.3 million, up 159.9% on prior year
- IMPAIRMENT: of \$14.0 million against television broadcast licences and other intangible assets
- TOTAL REVENUE: \$191.9 million down 4.7% on prior year
  - Total advertising revenue share: market leading 41.5 share^
- EBITDA: \$38.5 million down 14.8% on prior year
- OPERATING COSTS: down \$3.2 million or 5.9% on prior year
  - Employee benefits expenses down \$1.4 million or 3.8% on prior year
- NET OPERATING CASHFLOW: \$22.5 million, down \$9.6M or 30.0% on prior year:
  - Increase in affiliation fee.
  - \$6.2 million in spectrum licence fees accrued in FY18 and paid in this period.
- NET INTEREST BEARING DEBT: \$9.6 million, down from \$14.8 million at 30 June 2018

• 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

# APPLICATION OF NEW ACCOUNTING STANDARDS

- **AASB 15 Revenue from contracts with customers**
  - Historically revenue from advertising recognised inclusive of agency commissions and brought to account the cost of commission as a cost of sale
  - Under the new standard, the Group's relationship is with media buyers and media agencies and accordingly advertising revenue is to be recognised net of agency commission
  - Certain comparative financial information has been restated to conform to current year presentation
  - Decrease in FY18 Revenue from contracts with customers: \$17,907,000
  - Decrease in FY18 Cost of sales: \$17,907,000
  - No change to FY18 Statutory loss of \$12,275,000

<b>STATUTORY RESULTS</b>	<b>FY19</b>	<b>FY18</b>	<b>VARIANCE</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Revenue from services	190,674	200,073	(9,399)	(4.7%)
Interest income	141	134	7	5.2%
Other income	1,047	1,044	3	0.3%
<b>TOTAL REVENUE</b>	<b>191,862</b>	<b>201,251</b>	<b>(9,389)</b>	<b>(4.7%)</b>
EBITDA	38,469	45,157	(6,688)	(14.8%)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>7,348</b>	<b>(12,275)</b>	<b>19,623</b>	<b>159.9%</b>
BASIC EARNINGS PER SHARE (CPS)	2.0	(3.4)		

<b>CORE EARNINGS</b>	<b>FY19</b>	<b>FY18</b>	<b>VARIANCE</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>7,348</b>	<b>(12,275)</b>	<b>19,623</b>	<b>159.9%</b>
<b>SPECIFIC ITEMS</b>				
Impairment of television broadcast licences and other intangibles	14,018	51,690		
Release of deferred tax liability arising from impairment	(4,205)	(15,507)		
Redundancies	-	1,019		
Non-recurring legal and consulting expenses	-	911		
Income tax benefit related to specific items	-	(579)		
<b>CORE PROFIT EXCLUDING SPECIFIC ITEMS AND AFTER TAX</b>	<b>17,161</b>	<b>25,259</b>	<b>(8,098)</b>	<b>(32.1%)</b>

**POWER RATIO**

Total revenue share\*

Audience share^

**POWER RATIO****FY19****FY18****Variance (PP)****41.5****41.9%****(0.4)****41.0****40.4%****0.6****1.01****1.04****(0.3)**

\* Total advertising 3AGG market - KPMG monthly shares

^ Regional TAM: All people 6am to midnight for the period 1 July 2018 to 30 June 2019, 3AGG market

## NET DEBT & GEARING

	June 19	June 18	Variance
Net interest bearing debt (\$'000)	9,557	14,793	5,236
Gearing ratio (%)	14.9%	23.5%	
Total debt to EBITDA (times)	0.4	0.6	
Interest cover to EBITDA (times)	29.3	28.0	

Facility limit reduced to \$30M at 30 June 2019 (FY18: \$60M)

# OUTLOOK

- Challenging trading conditions in regional markets to continue in the short term
- Declines in regional advertising spends expected to continue in FY20
- Prospect of Boomtown delivering a growing shift of advertising spend to regional TV
- Trading conditions to improve in the second half in the lead up to the 2020 Tokyo Olympics
- FY20 Earnings Before Interest Tax Depreciation & Amortisation (EBITDA): between \$23.0 million and \$25.0 million
- FY20 Core Net Profit After Tax: between \$8.0 million and \$10.0 million
- The dividend program remains suspended in the best interests of the company, its shareholders, employees and its creditors
- Debt reduction strategy has been successful. Prime expects interest bearing debt to be fully repaid in this financial year based on the current forecast



**QUESTIONS**

**PRIME**  
MEDIA GROUP