



ASX Announcement: 26 February 2019

## INTERIM 2019 RESULTS ANNOUNCEMENT

**PRIME MEDIA GROUP** (ASX:PRT) today released its interim financial results for the half-year ended 31 December 2018.

### **Statutory Results Summary:**

- Revenue \$97.9M, down 5.9% on prior comparative period
- EBITDA \$21.9M, down 9.9% on prior comparative period
- Operating costs down \$1.9M or 6.8% on prior comparative period
- Statutory profit \$10.2M. Net loss of \$8.6M in prior comparative period due to one-off non-cash impairment of \$31.0M and associated release of deferred tax liability.
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### **Change In Accounting Standard:** *AASB 15 Revenue from contracts with customers.*

- the Group now recognises revenue net of agency commission
- No impact on net profit after tax

### **Core NPAT:**

- \$10.2M, at top end of market guidance

### **Capital Management:**

- Net interest bearing debt of \$22.7M, an increase of \$7.9M during reporting period. Includes \$15.0M payment made to the Seven Network on renewal of program supply agreement.

Prime Media Group (the Group) reported a consolidated profit after tax of \$10.2M for the half-year ended 31 December 2018, an increase of \$18.8M or 218.4% on the prior corresponding period. Included in the prior comparative period result was a one-off non-cash impairment of the television licences of \$31.0M and the associated release of a deferred tax liability of \$9.3M.

The Group's net cash flow from operating activities of \$7.8M declined \$8.1M or 50.8% compared to the prior period due to the continued decline in advertising revenues, the increase in affiliate fee rate under the new program supply agreement with the Seven Network and the initial payment of spectrum licence fees totalling \$6.2M under the new licensing regime (\$4.5M accrued in FY18 and paid in FY19).

As previously reported, the Group executed a 5-year extension of the program supply agreement with the Seven Network and made an upfront payment of \$15.0M to the Seven Network. As a consequence, net interest-bearing debt increased by \$7.9M during the period to \$22.7M at 31 December 2018. The bank loan facility limit was reduced to \$40.0M at 31 December 2018.



The Group's core NPAT of \$10.2M was at the top-end of market guidance due to a number of factors, including advertising revenues benefiting from the cricket broadcast and continued focus on operating costs.

**Chief Executive Officer, Mr Ian Audsley said,** "During the reporting period Prime maintained a market-leading 41.4 total revenue share for the half year. Prime's advertising revenues in the aggregated markets of New South Wales and Victoria declined 5.3%, which was in line with the market decline of 5.3% for the same period.

Despite the challenging market, regional advertisers supported the BBL and test cricket broadcast, with Prime's revenue over the summer (Dec through Feb 2019) up \$2.1M or 4.7% on the prior period. However, as with the broader media market, the focus is now on the Federal Election. While we expect a short term stimulus, it does not necessarily point to long term revenue growth in regional TV advertising markets.

The current trading conditions suggest that the Group's full year core net profit will be between \$16.0M to \$18.0M.

The directors had an extensive discussion in relation to the dividend policy and considered that it is in the best interests of the company to continue to pay down interest bearing debt.

Mr Audsley also noted that "the recruitment process to appoint a new Chairperson is well under way. In the interim, John Hartigan has graciously agreed to extend his tenure until the new appointment is made".

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#### Investor Briefing

A telephone briefing will be held for shareholders and the investment community at 9:00am (AEST) on **Wednesday 27 February 2019**.

The teleconference details are as follows:

Sydney: (02) 9193 3706  
Toll free Australia: 1800 573 793  
Conference code: 6383563

#### **Contacts**

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