

# PRIME

**MEDIA GROUP**

Investor briefing on 26 February 2020

Interim financial result for the period ended 31  
December 2019

# HALF-YEAR RESULT 2020 FINANCIAL YEAR

- CORE NET PROFIT\*: \$5.5 million within market guidance.
- STATUTORY PROFIT: \$4.5 million, down 56.2% on prior period.
- TOTAL REVENUE: \$90.8 million down 7.2% on prior period:
  - Advertising revenue in the aggregated market of New South Wales and Victoria back \$6.9 million or 7.8% compared to the market decline of 7.2% in the same period^
  - Total advertising revenue share: market leading 41.2 share points^
- EBITDA: \$11.5 million down 47.4% on prior period.
- OPERATING COSTS: up \$0.8K or 3.1% on prior period includes:
  - \$1.5 million transaction costs and \$0.8 million reduction in operating costs from the application of AASB 16 *Leases*.
  - Normalised operating costs were flat year against the prior year.
- NET OPERATING CASHFLOW: \$13.5 million, up \$5.6 million or 71.4%:
  - Prior year includes one-off transitional spectrum licence fees of \$6.2 million.
- NET CASH (pre AASB 16): \$3.3 million. Capex during the period of \$0.3 million was unusually low and is expected to increase in the second half of the financial year.

• 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.

^ 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 16 LEASES**

- The Group adopted AASB 16 using the modified retrospective method of adoption
- Right-of use asset: \$5.0M
- Lease liabilities: \$5.2M
- Reduction in 1H20 operating expenses: \$805,000
- Increase in 1H20 depreciation: \$808,000
- Operating costs excluding transaction costs of \$1.5M and pre-AASB 16 *Leases* were flat compared to the prior year.

# OUTLOOK

- Regional markets remain challenged. No change to trading environment January through March 2020
- Tokyo Olympics will be a key focus in the lead up to the broadcast
- Overall declines in regional advertising revenue markets expected to continue for remainder of FY20
- Full-year Core EBITDA range of \$22.0 million to \$24.0 million
- Full-year Core NPAT range maintained between \$8.0 million to \$10.0 million
- Capital requirements: after much discussion, your Board decided to not reinstate the payment of dividends, given sustained decline in advertising revenue across the sector