ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Sydney, 14 November 2017: Prime Media Group (ASX:PRT)

Good morning and welcome to the Prime Media Group Annual General Meeting.

All the directors are present here this morning, including our Chief Executive Officer and Executive Director, Ian Audsley. We also have with us our Chief Financial Officer John Palisi, Company Secretary Emma McDonald, and our other key management personnel.

Your directors are pleased to report that the 2017 financial year was a successful one for Prime, notwithstanding the continuing challenges we face in the regional advertising markets.

Our sales teams worked tirelessly to once again deliver the best performance in regional television. And, like all commercial broadcasters, we were beneficiaries of the Federal Government's decision to remove licence fees as a one-off relief measure. As a result, the FY17 Core NPAT of $35.6 million exceeded our expectations.

But that was yesterday, and it is our job as directors to now focus on the future.

As we have previously reported, regional audiences declined again in 2017 and will continue to decline given the growing number of SVOD and streaming services and the permanent change in viewer habits.

Other traditional media companies have announced ambitious cost out programs, measures that Prime has delivered over the past couple of years.

Our ability to significantly reduce operating costs in the future is limited.

Much has been written about the changing nature of traditional media companies and the fact they need to adapt in order to capitalise on the increased demand for video content across all platforms. Being nimble and diversifying a traditional media business doesn't come cheap, especially with the ever-increasing costs associated with the acquisition of content and sports rights.

Prime will not be immune from these increased costs, and we expect our next affiliate agreement with the Seven Network in June 2019 to reflect these higher costs.

We were delighted that the Government was finally able to secure the long-anticipated media reforms in October this year. The new regulatory framework will permit the merging of free to air commercial television, commercial radio and newspapers into consolidated entities, and will also permit any one entity to broadcast via free to air commercial television to 100% of the Australian population.

There is no doubt that scaled media companies are the future. In fact, it is only scaled media companies that will be able to sustain themselves over the longer term. We are in a world where increasing competition is coming from global players with balance sheets with infinitely more capacity than Australian owned and operated media companies.

Although no one has yet jumped out of the blocks to announce a deal, you can assume that discussions are taking place across the entire media sector. But securing a deal with the right metrics for shareholders is the challenge and many media companies' balance sheets are under real stress.

In this environment, your directors believe that Prime offers synergy benefits, audience reach, an efficient operating model, reliable cash flow and ultimately, we bring scale.

You would be aware that recently Prime and Seven entered into discussions about opportunities between the two companies.

It is unfortunate that we could not agree on a way forward because a combination of Prime with Seven makes good sense for both companies.

Content remains king and traditional distribution of media, though still vitally important – especially in regional Australia, is being disintermediated by the capacity and breadth of the internet, and that will ultimately have an impact on Prime.

Content distributed via the internet, satellite services and new generation mobile phone spectrum is becoming increasingly accessible to regional consumers and that means regional television audiences will continue to decline - and as goes the audience so too goes the revenue.

This is not a new story. As shareholders would be aware, Prime's executives have been active in Canberra since 2013, pushing for the regulatory reforms that recently passed the Parliament.

These reforms were necessary, because Prime must consolidate with another media company in order to remain relevant and sustainable. It is true too that larger traditional media businesses must do likewise, evidenced by Disney's approach to 21st Century Fox, and so there exist symbiotic opportunities.

But media industry consolidation is not likely to deliver a bonanza for shareholders of sub-scale traditional media companies, who may have to accept that merger premiums might not be possible in the current environment – and that negative metrics might be a reality in order to get deals done.

Profitable participation in the 'new media world' in which we now find ourselves requires scale – and only scaled media companies will survive the battle for audiences and revenue against the big balance sheet international ad-tech giants who are now active participants in the Australian media landscape.

So I say to shareholders today that in order to secure growth of the company over the medium to long term, and to capture an opportunity for Prime to participate in industry consolidation that is absolutely necessary for the future prospects of Australian owned traditional media assets, it is very likely we will need to lower our expectations.

To this end, Prime will continue to engage with industry participants in an effort to ensure that it is part of a consolidated media landscape.

Shortly you will have the opportunity to ask questions about the Remuneration Report and to vote on the report.

I also wanted to note that the Board has undertaken a comprehensive review of how we reward our executives. As you will be aware, your Board froze the previous long term incentive plan last year and said that it would introduce a new plan this financial year, with details to be provided at the Annual General Meeting.

Your board is confident that the work undertaken by the Remuneration and Nomination Committee to recalibrate remuneration is a better fit for the company, the shareholders and the executives.

After careful consideration, the Board has approved the implementation of a cash-settled long term incentive plan linked directly to the movements in the share price, so that any long term incentives awarded to KMPs will, in future, be aligned directly to shareholder wealth outcomes. The plan is designed to be simple and transparent and takes effect from the FY18 period.

Finally, I would like to thank my fellow directors for their hard work over the past year and acknowledge the executive team, led by our Chief Executive Officer, Ian Audsley. On behalf of your Board I would like to extend my thanks to him – and to the committed employees of Prime who all work hard to optimise returns to our shareholders.

And now I will hand over to Ian.

Thank you.

CHIEF EXECUTIVE OFFICER'S ADDRESS TO SHAREHOLDERS

Good morning and thank you John.

It's pleasing to be able to stand here today and say that the 2017 financial year was one of many wins for PRIME.

1. Our sales teams across both national and local markets did a tremendous job of monetising the Rio Olympic Games and Paralympic Games. We knew that we needed to make the most of the Rio Olympics so we went to market with a strategy that delivered almost 6% revenue growth in a market that fell 3 point 1 percent year on year.

2. A 60% national agency revenue share for the Games period and a 44.2% revenue share for the reporting period.

3. Our New South Wales Northern Rivers local news service became the market leader– beating the entrenched incumbent NBN Television for the first time – and in so doing, joined PRIME's local news services in the New England, the NSW Central West, the Riverina, the Albury/Wodonga border region and regional Western Australian as the official number 1 rating news service – and Seven's national news bulletin also moved to the number one rating position in Wollongong and Canberra.

4. Along with taking the crown as the number 1 rating local news in the Northern Rivers, our local reporter Lucy Langtry and cameraman Rod Smith won the prestigious Paul Lockyer Award for regional news reporting at this year's Kennedy Awards for their work in covering the Lismore floods.

5. We have increased our commitment to local public affairs television with tremendous results. We brought Ray Martin on board to produce 2 public affairs specials – one on the impact the drug ICE is having on regional Australian families and communities, and the second dealt with the crime of domestic violence – both programs convincingly won their time slots, and off the back of that success we are currently in production on our 3rd special with Ray to shine a light on the tragedy of regional road fatalities, which account for 67% of deaths on all Australian roads.

6. And finally, but importantly at number 6 we saw many years of effort come to fruition with the passing of the government's media reform bill. PRIME maintained its position on media reform from day one, and the two principal changes to regulations that PRIME sought – the removal of the 75 percent reach rule – and the removal of the two out of three ownership rule – were accepted as part of the government's new media reform bill.

Our work at PRIME is about delivering the optimal opportunity from the program supply arrangements we have in place with the Seven Network. That is how we think about performance and how we go about our work.

On the screen behind me is a graph [slide 1] that shows how we track against all of Australia's television broadcasters in audience share performance.

You will note that for the past 4 years PRIME has out-performed every Australian television network in audience share delivery. It's no accident.

We created a plan to lift PRIME to the number 1 rating position and to claim the leadership position in every aspect of regional television and we worked that plan hard through external advertising of the Seven program schedule and by perpetually fine tuning local programming with the aim of delivering news that is more relevant to contemporary audiences, and now, an increasing slate of local public affairs program adds to the arsenal.

Underpinning it all though, is the strength and depth of Seven's program slate and you can see from the slide that Seven's programming resonates strongly with regional audiences.

The graph clearly demonstrates that we are doing a very good job of extracting every opportunity from Seven's programming.

Our audience shares were down a little this year, largely due to the softer performance of *My Kitchen Rules* and *Hell's Kitchen* but we are believers in Seven's ability to continue to deliver the very best of Australian television programming into the future.

The revenue share slide [slide 2] tells the same story. PRIME has consistently delivered revenue shares well north of 40 percent and in doing so is without peer in Australian television. That share peaked thanks to the Rio Olympic Games and the Paralympics. It is a clear demonstration that we have built the best sales force in Australian television.

In April 2018 we have the Gold Coast Commonwealth Games broadcast, which will provide a strong opportunity to drive increased audience and revenue in the back half. Although not as many events or days as the Rio Olympics and Paralympics, we suspect the Commonwealth Games will surprise us all in terms of audience and revenue potential. We are certainly focused on extracting every possible opportunity from the event broadcast.

And now to the forecast.

National advertising in the total regional television market was back a little over 5% in the first quarter of this new financial year and soft conditions persisted into October, while November and December continue behind last year's pace.

Local revenues are also behind last year's pace.

The Gold Coast Commonwealth Games should provide an opportunity for increased revenue performance in April 2018. There is, however, little visibility on second half spends outside the Games.

PRIME expects its half year core net profit after tax to be in the range of $11.7 million to $12.7 million. It is telling that Prime's first half core earnings have not been down at these levels during this decade.

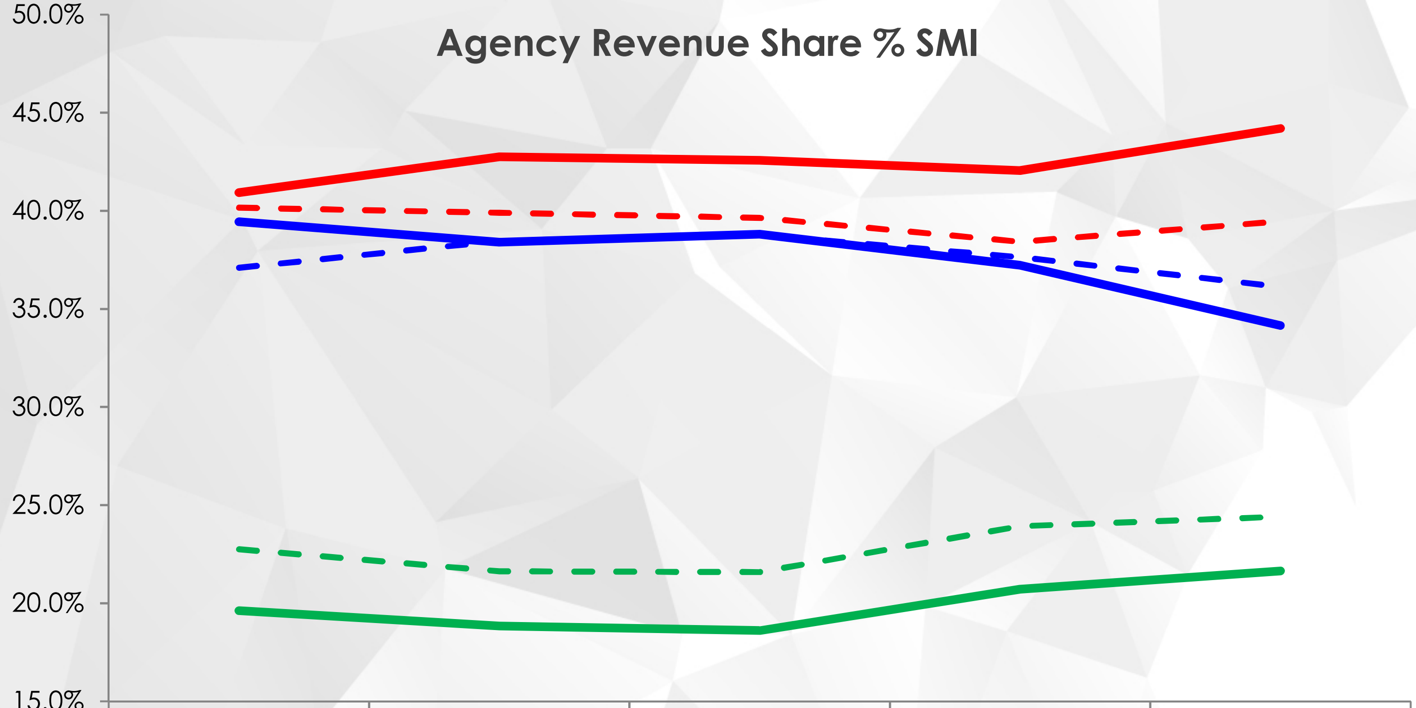
I endorse the comments made by the Chairman about the challenges we are facing and along with my fellow directors and the executive team, we will continue to explore opportunities so that PRIME can participate in the evolving media landscape.

In the meantime, we will continue with our strategy of paying down debt and paying dividends to our shareholders, albeit at a lower rate than in prior years.

Thank you and I will now hand you back to the Chairman.

MEDIA GROUP

National Agency Revenue Overview

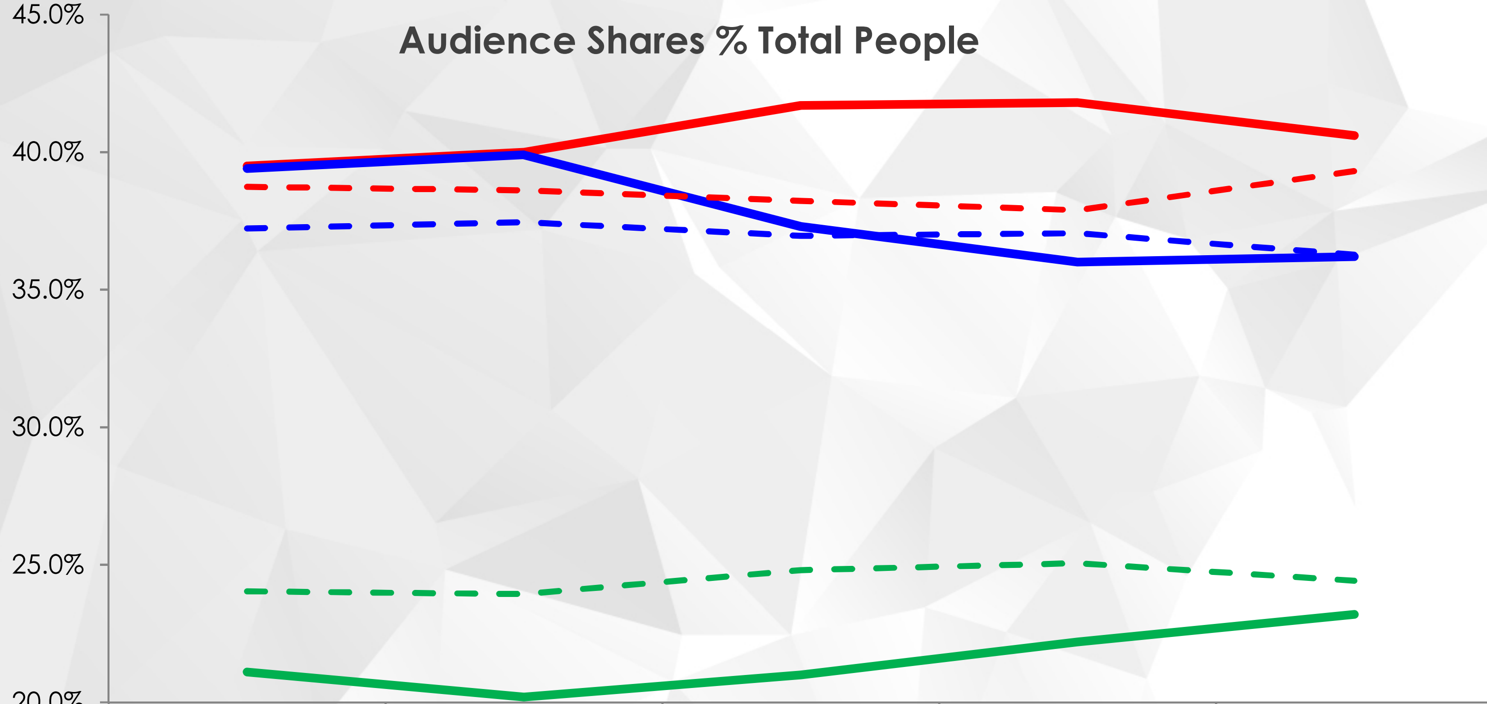


	FY13	FY14	FY15	FY16	FY17
Prime7	40.9%	42.7%	42.6%	42.0%	44.2%
Nine Content Affils	39.4%	38.4%	38.8%	37.2%	34.2%
Ten Content Affils	19.6%	18.8%	18.6%	20.7%	21.7%
Seven	40.2%	39.9%	39.6%	38.4%	39.5%
Nine	37.1%	38.5%	38.8%	37.6%	36.1%
Ten	22.8%	21.6%	21.6%	23.9%	24.4%

Source: SMI data 15.10.17| Regional: NNSW, SNSW, VIC. Metro: 5 cap cities | FY13-FY17 by financial year| Agency Revenue Commercial Networks

PRIME MEDIA GROUP

Audience Overview



	FY13	FY14	FY15	FY16	FY17
Prime7	39.5%	40.0%	41.7%	41.8%	40.6%
Nine Content Affils	39.4%	39.9%	37.3%	36.0%	36.2%
Ten Content Affils	21.1%	20.2%	21.0%	22.2%	23.2%
Seven	38.7%	38.6%	38.2%	37.9%	39.3%
Nine	37.2%	37.5%	37.0%	37.0%	36.3%
Ten	24.0%	23.9%	24.8%	25.1%	24.4%

Source: OzTAM & Regional TAM | Regional: NNSW, SNSW, VIC. Metro: 5 cap cities | 3 station network commercial shares% | Su-Sa 0600-2400 | Consolidated 7 data