PRIMEDIA GROUP

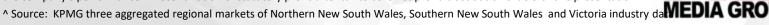
MEDIA GROUP Investor briefing on 27 February 2019

Interim financial result for the period ended 31 December 2018

HALF-YEAR RESULT 2019 FINANCIAL YEAR

- CORE NET PROFIT*: \$10.2 million at top end of market guidance.
- STATUTORY PROFIT: \$10.2 million, up 218.4% on prior period.
- TOTAL REVENUE: \$97.9 million down 5.9% on prior period:
 - Total advertising revenue share: market leading 41.4 share points^
- EBITDA: \$21.9 million down 9.9% on prior period.
- OPERATING COSTS: down \$1.9 million or 6.8% on prior period:
 - Employee benefit expenses down \$1.2M or 6.6% on pcp.
- NET OPERATING CASHFLOW: \$7.9 million, down 50.8%:
 - Increase in affiliation fee.
 - \$4.5 million in spectrum licence fees accrued in FY18 and paid in this period.
- NET INTEREST BEARING DEBT: \$22.7 million, an increase of \$7.9 million during the reporting period. Includes \$15.0 million payment made to Seven Network on renewal of program supply agreement.
- 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.





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 1H18 Revenue from contracts with customers: \$9,296,000
- Decrease in 1H18 Cost of sales: \$9,296,000
- No change to 1H18 Statutory loss of \$8,597,000

AASB 9 Financial Instruments

- Change in calculation of impairment allowance for Trade and Other Receivables
- Decrease in Trade and Other Receivables as at 1 July 2018: \$497,000
- Associated decrease in Deferred tax liabilities: \$149,000; and
- Opening retained earnings decreased: \$348,000



CTATUTODY DECLUTE	1H19	1H18	VARIANCE	
STATUTORY RESULTS	\$'000	\$'000	\$'000	%
Revenue from services	97,443	103,233	(5,790)	(5.6%)
Interest income	89	68	21	30.9%
Other income	358	676	(318)	(47.0%)
TOTAL REVENUE	97,890	103,977	(6,087)	(5.9%)
EBITDA	21,921	24,326	(2,405)	(9.9%)
PROFIT/(LOSS) FOR THE HALF-YEAR	10,182	(8,597)	18,779	218.4%
BASIC EARNINGS PER SHARE (CPS)	2.8	(2.3)		



CORE EARNINGS	1H19	1H18	VARIANCE	
CORE LARIVINGS	\$'000	\$'000	\$'000	%
PROFIT/(LOSS) AFTER TAX	10,182	(8,597)	(18,779)	218.4%
SPECIFIC ITEMS		A		
Impairment of television broadcast licences	<u>-</u>	31,016		
Release of deferred tax liability arising from impairment		(9,305)		
Redundancies	-	421		
Non-recurring legal and consulting expenses	-	865		
Income tax benefit related to specific items	-	(386)		
CORE PROFIT EXCLUDING SPECIFIC ITEMS AND AFTER TAX	10,182	14,014	(3,832)	(27.3%)



NET DEBT & GEARING	DEC 18	JUN 18	Variance
Net interest bearing debt (\$'000)	22,695	14,793	7,902
Gearing ratio (%)	28.3%	23.5%	
Total debt to LTM EBITDA (times)	0.8	0.6	
Interest cover to LTM EBITDA (times)	16.8	28.5	

Facility limit reduced to \$40M at 31 December 2018 (FY18: \$60M)



OUTLOOK

- Prime advertising revenue for the period to 31 December 2018 in key markets of regional NSW and Victoria declined 5.3% in line with the market decline of 5.3%.
- Total revenue share for the period to 31 December 2018 maintained at 41.4PP.
- Despite the challenging market, Prime's revenue over the summer (Dec through Feb 2019) up \$2.1M or 4.7% on the prior period.
- Focus on Federal election for the second half.
- Overall declines in regional advertising revenue markets expected to continue for remainder of FY19.
- Full-year Core NPAT forecast range improving to \$16.0 million to \$18.0 million (2018: \$25.3 million).

