



ASX Announcement: 25 February 2020

INTERIM 2020 RESULTS ANNOUNCEMENT

PRIME MEDIA GROUP (ASX:PRT) today released its interim financial results for the half-year ended 31 December 2019.

STATUTORY RESULTS SUMMARY

- Total revenue \$90.8M, down 7.2% on the prior year
- EBITDA \$11.5M, down 47.4% on the prior year
- Operating costs flat excluding one-off transaction costs of \$1.5M and application of AASB 16 *Leases*
- Statutory profit after tax of \$4.5M, down 56.2% on prior year

CORE NET PROFIT AFTER TAX

- \$5.5M, within market guidance

CAPITAL MANAGEMENT

- Net operating cashflow up \$5.6M or 71.4% on prior year
- Net cash of \$3.3M at 31 December 2019 (excluding application of AASB 16 *Leases*)

Prime Media Group Limited (Prime) confirms its core net profit after tax for the half-year ended 31 December 2019 of \$5.5M is within market guidance. Prime's statutory net profit after tax of \$4.5M, declined \$5.7M or 56.2% on the prior period.

Advertising revenue declined \$6.9M or 7.4% on the prior period consistent with further audience declines across all markets. Encouragingly, Prime maintained its market leading 41.2 audience share* during the half year period despite Prime's revenue in regional New South Wales and Victoria declining 7.8%, compared to the market decline of 7.2%.

Cost of sales included an increase in affiliation fees payable to the Seven Network. Operating costs remain a focus having increased by \$803,000 or 3.1% on the prior period. The increase included \$1.5M one-off transaction costs associated with the proposed scheme of arrangement with the Seven Network and a reduction in costs of \$805,000 from the initial application of AASB 16 *Leases*. Operating costs excluding transaction costs and the impact of AASB 16 *Leases* were flat against the prior year.

Net cash flow from operating activities increased by \$5.6M to \$13.5M for the half-year. The increase on prior year was in part due to one-off transitional spectrum licence fees made in the prior year of \$6,215,000. Capital expenditure of \$278,000 on property, plant and equipment was lower than prior periods and is expected to increase in the second half of the financial year.



Chief Executive Officer, Mr Ian Audsley said, “As widely reported, it has been a difficult time in regional Australia over the past 6 months. Regional television advertising markets were challenged by a confluence of events as early as October 2019 when we reported the Tamworth fires in Northern NSW. Trading conditions have not improved in the current quarter and forecasting is difficult given the short trading conditions.

As previously reported, the 2020 Tokyo Olympics will be a key focus for Prime in the lead up to the Olympic broadcast later this year. The Olympic broadcast has attracted significant interest from national advertising sponsors, with major advertising packages being negotiated.

Local advertising markets continue to be influenced by local conditions and competition for local advertisers from platforms such as Facebook and Google.

Prime held net cash at 31 December of \$3.3M excluding interest bearing lease liabilities brought to account under AASB 16 *Leases*. Prime’s Board once again reviewed the company’s ongoing capital requirements and after much discussion, decided to not reinstate the payment of dividends, given the sustained decline in advertising revenue across the sector.

Core earnings before interest tax depreciation & amortisation (EBITDA) for the 2020 financial year is expected to be between \$22.0M and \$24.0M, while core net profit after tax is expected to be in the range of \$8.0M to \$10.0M”.

*Audience data source: Regional TAM | 3 Aggregated markets of NNSW, SNSW & VIC combined | Total People | Consolidated data

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INVESTOR BRIEFING

A telephone briefing will be held for shareholders and the investment community at 9:00am (AEST) tomorrow (26 February 2020). The teleconference details are as follows:

Sydney: (02) 9193 3706
Toll free Australia: 1800 573 793
Conference code: 2272256

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