



**24 November 2021**

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**AGM ADDRESSES BY THE CHAIR AND CHIEF EXECUTIVE OFFICER**

Attached is a copy of the Addresses to be made by the Chair and the Chief Executive Officer to the Annual General Meeting today.

Authorised for release by the Board of Prime Media Group Limited.

For further information, please contact:

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# 2021 Annual General Meeting

## Chair's Address

**Chair: Cass O'Connor**

What a difference a year makes.

Last year, Peter Macourt addressed you in the aftermath of the major drought, devastating bushfires, floods and the rapid onset of the global COVID-19 pandemic, affecting all of our markets.

The impacts on Prime, its employees, advertisers and our regional audiences had been unprecedented in the company's 50-year history. And while it may seem indecorous to mention fiscal matters among such human tragedy, this is the annual general meeting of shareholders and I note our share price hit a low of nine cents during that time.

Your board and management focused on delivering timely news to regional areas, retaining employees, providing a platform for regional and national advertisers and continuing the debt reduction program we began some years back. That meant a continued suspension of dividends for shareholders.

It also laid the foundation for a much stronger FY21, despite COVID's new strains and some slow recoveries in seriously bushfire ravaged areas.

I am so pleased to present Prime's 2021 Annual Report. It represents recovery, which we all hope is reflected in wider Australian communities.

Ian Audsley will take you through the excellent results he and his team have achieved. But the headlines are, FY21 vs FY20:

- Revenues up almost 10%;
- EBITDA almost doubled;
- NPAT almost tripled; and
- For the Federal Government, who we thank for the much-needed COVID relief and Public Interest News Gathering supports, we more than tripled our income tax, from \$2.6 million to just under \$8 million.

For shareholders, we were able to finally reinstate the company's dividend program. Careful cash management, debt reduction and "COVID" salary cuts among staff, executives and your Board for approximately four months over the past two financial years made this possible.

As reported, a final dividend of 2.0 cents per share fully franked has been paid in respect of the 2021 financial year.

Post balance date, the improvements continue. The Tokyo Olympics rated very well and advertising has been robust.

Most importantly, on Monday 1 November 2021, Prime entered into a Share Sale Agreement for the sale of Prime's business and assets to a subsidiary of our program supply partner, Seven West Media ("Seven"). Your board of directors unanimously recommends that shareholders vote in favour of the deal, in the absence of a superior proposal.

The Agreement is for cash consideration of A\$131.88 million, which equates to 36 cents per share.

36 cents per share represents a material premium to Prime's long term trading metrics prior to the November 1 announcement.

The Asset Sale also removes risk and uncertainty associated with a number of near and long term headwinds. While there has been a recovery in regional advertising markets over the past 12 months, we know this is fragile. The impacts of climate change are not going away. Nor are the affects of audience fragmentation in free-to air TV generally and our regional markets specifically, where we are precluded by agreement to simply replicate Prime's free-to-air television broadcast on a BVOD/AVOD service.

For these reasons, shareholders will be asked to vote on the transaction at a separate extraordinary general meeting, scheduled to be held on 23 December 2021. The notice of meeting was sent out at the beginning of this week and you should receive a copy of the notice any day now.

Should shareholders vote in favour of the Asset Sale transaction, Prime intends to distribute the proceeds received to shareholders via a proposed distribution. This is currently estimated to be in the order of 36 cents per share comprising a fully franked dividend of approximately 26 cent per share and a 10 cent capital return per share.

We do note, however, that the final amount of the distribution will be determined at the relevant time and the split between a fully franked dividend and capital return is subject to an ATO class ruling which is currently being sought.

The Prime Board unanimously recommends shareholders vote in favour of the resolutions to approve the proposed transaction, in the absence of a superior proposal.

In forming this view, the Board has had regard to a number of factors including the opinion of the Independent Expert, who opined that the transaction is fair and reasonable and in the best interest of shareholders in the absence of a superior offer; and the significant premium to relevant share price metrics I mentioned earlier.

Since the announcement on 1 November, our share price has traded in the range of 40 to 44 cents per share. We attribute this to shareholders expecting the transaction will be approved at the 23 December meeting, and look forward to seeing you again then.



In closing, I would like to thank Peter Macourt and Ian McGill for their contributions to Prime as Chairmen over recent years.

Peter's work in creating the capital management plan and Ian's on the transaction just mentioned have both served shareholders well.

I also acknowledge Prime's long serving non-executive director, Ian Neal, who also retired this year. I have enjoyed working with each of these gentlemen, as well as relatively new directors Brent Cubis and Joshua Lowcock. This group holds a depth of expertise and knowledge of the forces shaping Australia's media industries and has been a privilege to be part of.

I conclude by extending my thanks and appreciation to Ian Audsley, John Palisi and all of Prime's staff and to commend them for their exceptional efforts during this often challenging period. And of course, warmest thanks to Prime's audiences, advertising clients and partners for their continued support.

I'll pass you to Ian Audsley, Prime CEO, for his presentation.

## **Chief Executive Officer's Address**

**Chief Executive Officer: Ian Audsley**

Good morning, and thank you Cass.

I too extend my welcome to shareholders joining us at this virtual meeting.

The first half of the 2021 financial year was certainly a challenge, with large and small advertisers in regional markets struggling to deal with border closures and lockdowns.

Federal Government support via the JobKeeper and Public Interest News gathering Grants provided for employee continuity which was critical to maintaining operations and advertising sales, and ensured also that regional news services would remain on air providing important COVID messaging to local communities. Throughout the peak of the pandemic Prime received a total of \$6.4 million in JobKeeper payments and a further \$4.7 million in Public Interest News Gathering funding across the 2020 and 2021 financial years.

The second half of the reporting period saw a staged removal of lockdowns and border closures which had an immediate and positive impact on advertising revenue, delivering full year growth of 4.1 percent in the combined 3-aggregated markets of regional Northern New South Wales, Southern New South Wales and Victoria, while Prime's regional Western Australian operation GWN7 recorded an 11.3% increase in advertising revenue.

Prime maintained a tight rein on expenses during this period and the strong recovery in advertising revenues delivered earnings before interest tax depreciation and amortisation of \$36.8 million, an increase of 81.6% on the prior year and a statutory net profit after tax of \$19.5 million which was \$12.9 million or 195.6% up on the prior year.

Core net profit after tax of \$12.3 million was up 110.9% on the prior year.

By 30 June 2021, Prime had accumulated a cash surplus of \$41.2 million providing the company with a reserve to successfully navigate the pandemic should it have worsened, and to consider opportunities as part of Prime's revenue diversification strategy.

The cash surplus also provided the opportunity for the company to declare a final dividend of 2 cent per share fully franked for the 2021 financial year.

The broadcast of the Tokyo Olympics in late July and early August provided a boost for current year trading. By October 2021 national advertising revenue was up 17.6% on the prior corresponding period while local advertising was also up 10.5% over the same period. Total advertising revenues were up 15.1% on the prior period, although it should be noted that the prior year results and broadcast schedule were impacted by COVID-19 related border closures, travel restrictions and lockdowns.

Strong improvements in Seven's programming line-up post the Olympics, and growing audience shares for local news services assisted this performance.

The Tokyo Olympics drove huge audience increases of 4.6 share points in Northern NSW, 4.1 in Southern NSW, and 4.4 share points in Victoria. These audience performances



combined, delivered a 43.3 percent share of the total available audience calendar, year to date.

In regional Western Australia, Prime's GWN7 network grew its audience 4.8 percent to sit at a 54.7 percent share of the total available audience in regional WA, year to date.

Excluding the Olympic coverage, Prime delivered strong underlying audience growth with Northern New South Wales up 3.2 share points, Southern New South Wales up 2.4 share points, Victoria up 3.1 share points and regional Western Australia up 4.2 share points.

In light of the positive trading conditions and relaxation of COVID-19 restrictions, EBITDA to 31 December 2021 is expected to be approximately \$16.5 million to \$18.5 million.

At 31 December 2021, we expect an accumulated net cash balance of between \$39.0 million and \$41.0 million subject to the timing of payments and noting that the final dividend of \$7.3M was paid in September 2021.

Turning to the proposed sale of Prime's businesses to Seven, the rationale for this deal is well considered and, in my view, is in the best interests of all shareholders and stakeholders of Prime.

The evidence is clear that digital disruption wrought by international companies has had an irreversible and negative impact on regional Australia's traditional media businesses, the level of local content created, and local media job opportunities.

We are disappointed in the lack of initiative from the Coalition Government and particularly The National Party in responding to these serious public policy failures.

You would be aware of the great lengths Prime has gone to over the past seven years in seeking legislative reforms for the regional television sector which would enable us to achieve the necessary scale to compete with digital platforms and network broadcast video on demand services.

Short of seeing the removal of the 75 percent audience reach rule which facilitates this current proposal, the Federal Government is steadfastly opposed to further reforms that would permit Prime, and its counterparts, to achieve scale and provide new and additional services to regional Australia.

Without the scale we seek it will become increasingly difficult for Prime to compete in a market that will ultimately be dominated by international technology platforms and network television video on demand services

The outcome of this inevitable scenario is unacceptable returns for shareholders in the short term, or failure of the business over the medium to long-term.

The proposed transaction with Seven facilitates continuity for Prime stakeholders, including advertisers and some 330 staff, in a much larger, scaled media business that more recently has re-invented itself in the most productive way to ascend to the number one ranking metropolitan network, and whose future looks bright under the leadership of James Warburton.

Media, as we know it, has changed fundamentally and permanently. The beneficiaries are the big, scaled media companies. A licence to operate free to air commercial TV stations in specific geographic territories, such as what Prime does, will soon be a quaint relic in a world where content is available ubiquitously for audiences who have demonstrated their preference to watch at a time and place of their choosing, on a platform of their choosing.

As set out in the Notice of Extraordinary General Meeting announced on Monday 22 November, I support the proposal to sell Prime's business and assets to Seven. I would encourage you to read the explanatory memorandum and have regard to the independent expert's report, who considers the proposal to be fair and reasonable and in the interest of shareholders in the absence of a superior proposal. The proposal also represents a positive outcome for advertisers and audiences in the regional markets that Prime serves.

Finally, I would like to acknowledge and thank the staff at Prime. Over the past eleven years this company has grown from a complacent second place getter with a history of poor performances into the giant of regional Australian media – the business everyone wanted. This year represents Prime's tenth consecutive year as the Number one regional commercial television network boasting the biggest audience and revenue shares in Australian television on a comparative basis. It has come about through hard work and our strong desire to win.

The last couple of years have been a challenge, but our staff, or.....'Winners' as I call them, have simply been outstanding. In my more than three decades in television I have not met a more committed and collegiate team of people. The Company's successes are theirs to be proud of.

I commend them for their commitment to Prime's reign as the number one regional network.

Thank you and good morning.

- Ends -



## **Annual General Meeting 2021**



## FY 2021: ADVERTISING REBOUND IN SECOND HALF OF FY21

- Staged removal of lockdowns & border closures
- Strong rebound in advertising activity a major contributor to full year revenue result:
  - 4.1% in Prime 3AGG market of NNSW, SNSW & VIC
  - 11.3% in regional Western Australia
  - 4.9% revenue growth in regional advertising markets

## FY 2021 - RESULT

- EBITDA of \$36.8M
- Statutory NPAT \$19.5M
- Core NPAT of \$12.3M

81.6%

195.6%

110.9%

## FY 2021: CAPITAL MANAGEMENT

- Accumulated a cash surplus of \$41.2 million at 30 June 2021.
- Prime Media declared a final dividend for the 2021 financial year of 2 cent per share fully franked.

## FY22: CURRENT TRADING TO OCTOBER 2021

- Tokyo Olympics a strong boost to advertising revenues
- By October 2021 National advertising revenue was up 17.6% on the prior corresponding period due to the Tokyo Olympic broadcast
- Local advertising revenue up 10.5% compared to the prior corresponding period
- Total advertising revenue up 15.1% compared to the prior corresponding period
- Prior year broadcast schedule impacted by COVID-19 pandemic, border closures, travel restrictions and lockdowns

# FY22: TOKYO DELIVERED DRAMATIC AUDIENCE INCREASES

TOKYO OLYMPICS AUDIENCE				
TOTAL	NNSW	SNSW	VIC	WA
43.3 SHARE	+4.6	+4.1	+4.4	+4.8
UNDERLYING AUDIENCE GROWTH – EXCLUDING TOKYO OLYMPICS (YTD)				
	+3.2	+2.4	+3.1	+4.2
AS AT 15 OCTOBER				
<ul style="list-style-type: none"><li>• CYTD 3-AGGREGATED MARKETS EAST COAST +4.3 SHARE POINTS<ul style="list-style-type: none"><li>• CYTD WESTERN AUSTRALIA +4.8 SHARE POINTS</li></ul></li></ul>				

Source: Regional TAM Data | Survey YTD 21 YOY | Total People | S-S 1800-2359 | 3 Aggs = N/NSW, S/NSW, Vic | 7/2/21-13/11/21 vs 9/2/20-14/11/20 (when excluded Tokyo dates are 23/7-8/8/21) | consolidated 7 data

**PRIME**  
MEDIA GROUP

# OUTLOOK

- EBITDA range to 31 December 2021 expected to be \$16.5M to \$18.5M. EBITDA for the prior comparative period of \$19.1M included government assistance of \$5.2M.
- Net cash at 31 December 2021 to be between \$39.0M and \$41.0M, subject to timing of payments.

# Proposed Sale of Business and Assets to Seven West Media

- Extraordinary General Meeting of Shareholders to be held 23 December 2021 to consider the sale of Prime's business and assets to a wholly-owned subsidiary of Seven West Media.
- Following completion of the Asset Sale, Prime will distribute all available cash to Prime shareholders and currently intends to proceed to wind-up the company.
- Based on current estimates, Prime shareholders are presently expected to receive a distribution of 36 cents per share, inclusive of a special fully franked dividend of approximately 26 cents per share (tax treatment subject to receipt of an ATO Class Ruling).

# Proposed Sale of Business and Assets to Seven West Media

- The Prime Board unanimously recommends that shareholders vote in favour of the Proposed Transaction in the absence of a superior proposal and subject to the independent expert determining the transaction is in the best interests of shareholders.
- The Proposed Transaction is subject to a number of conditions, including receipt of Prime shareholder approval at an extraordinary general meeting to be held on 23 December 2021, and ACCC approval.
- Major Prime shareholders, holding in aggregate approximately 43.2% of Prime shares at 9 November 2021, have confirmed to Prime that they intend to vote in favour of the Proposed Transaction in the absence of a superior proposal and, in some cases, subject to the independent expert opining that the Proposed Transaction is in the best interests of shareholders.