ASX RELEASE

SYDNEY, 10 November 2015: Prime Media Group Limited (ASX:PRT)

ADDRESS OF THE CHIEF EXECUTIVE OFFICER AT THE ANNUAL GENERAL MEETING

Prime Media Group Limited (ASX:PRT) will hold its Annual General Meeting today at 11:30am at Doltone House, Darling Island Wharf, Ground Floor, 48 Pirrama Road, Pyrmont.

Please find attached a copy of the Chief Executive Officer's address (and accompanying slide presentation).

For further information, please contact:

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ANNUAL GENERAL MEETING

CEO'S ADDRESS

SYDNEY, 10 November 2015: Prime Media Group Limited (ASX:PRT)

The 2015 financial year was a challenging one for PRIME as we were not immune from the changes taking place across the broader free to air television sector.

The effects of the changes are amplified in our sector because of regional television's unique place as affiliate broadcasters, coupled with the fact that we are operating in an out-dated regulatory framework.

Thankfully, however, the Turnbull government seems poised to unlock opportunities by repealing ownership and control laws that limit PRIME's ability to achieve scale at a time when democratic viewing and the proliferation of online streaming services are becoming the norm.

We are never happy about delivering a flat result however we are buoyed by growth in our audience and revenue share for the 5th year in a row. But in the three aggregated TV markets of northern NSW, southern NSW and Victoria, television advertising revenue fell 3.9% on the prior year.

Advertiser sentiment was affected in a number of major markets by soft economic conditions and subdued business confidence – evidenced most in markets where employment and spending have been affected by the mining downturn and public service cut backs.

(Slides 3 and 4)

In contrast to the market fall PRIME's advertising revenue fell just 0.7% - but we substantially outperformed the market decline and our total revenue share grew to 42.2% - an increase of 1.4 share points and national agency revenue share grew to 46.2% - an increase of 0.6 of a share point.

(Slides 5 and 6)

PRIME's audience share on the east coast grew to 41.7% - an increase of 1.7 share points, while GWN delivered just short of 53% of the regional Western Australian audience, up almost 2 share points year on year and a whopping 63.6% share of ad revenue.

(Slide7)

In response to the soft advertising market, PRIME continued to trim costs to meet the revenue challenge, and management reduced expenses by over $4.3 million or 7.4%.

Disposal of our Wagga Wagga studio complex on 9 July 2014 delivered a profit of $1.1million in the reporting period.

In October of this year we successfully completed the sale of our interest in Gearhouse Broadcast for $3 million, and just last week we disposed of our Wollongong studio complex, with a sale price of $2.15million. The net funds from sales will be applied to bank debt.

PRIME still holds a number of out-dated studio facilities, and we are engaged with local agents in regard to disposal opportunities.

(Slide 8)

And now to the outlook for FY16. In September this year we advised the market that total advertising revenue to the end of August 2015 had declined 6.9% compared to the prior year.

(Slide 9)

Disappointingly, by the end of the September quarter the market had declined 7.2% and PRIME's revenue had declined 7.9% as a result of the V8 Supercar Series moving to the Ten Network and Fox Sports, and the AFL Grand Final being staged in the first week of October rather than its usual date in late September.

(Slide 10)

Historically the AFL Grand Final has delivered strong Q1 revenue for PRIME. This year that revenue will form part of our second quarter numbers.

As we enter November the advertising market is not responding. Both national and local advertiser spends are behind the historic trend.

(Slide 11)

As we reported to the market in September, there is a lack of confidence among regional advertisers, and since then we have not seen a significant shift in market sentiment. Southern NSW and Western Australia continue to be our more challenged markets.

As a result of the weakness in the revenue market, coupled with programming cost increases, we anticipate a first half core NPAT result of between $13.5 and 14.5 million.

However, the build-up to the 2016 Rio Olympics should provide PRIME additional opportunity in the second half of this fiscal, before the bulk of Olympics ad spend occurs in the 2017 financial year.

We have no exposure to Olympic programming costs, however, we are investing in an Olympic marketing program across this fiscal year and the next, which is associated with client participation in the Games broadcast, and which should be recovered through the revenue gain.

In closing I'd like to talk about the regulatory environment and PRIME's role in advocating change. PRIME has delivered a consistent message to government since we appeared before the Joint Select Committee on Broadcasting Legislation in March 2013.

We said at that time, as we continue to say today, that the current regulatory regime is redundant.

In August this year, hand in hand with our regional industry colleagues, we launched the Save Our Voices campaign, led by former Deputy Prime Minister Tim Fischer – to bring to the public's attention what could be lost if the existing media regulations remained unchanged.

The campaign has struck a chord with regional voters and Canberra has received the message loud and clear that regional Australians want a regional voice.

We are encouraged that the Turnbull government has embraced the need for reform – with Minister Fifield saying he did not intend to let the grass grow under his feet on this issue.

The two key items of broadcast regulation that PRIME is arguing to have repealed are the 75% audience reach rule and the 2-out-of-3 ownership rule. The 75% audience reach rule prevents a commercial free to air TV licence holder from reaching the entire Australian audience. It is a redundant regulation. Why? Because a significant number of online TV streaming services already reach every Australian. Further, ABC-TV, SBS-TV and FOXTEL already reach 100% of the Australian audience.

The 2-out-of-3 ownership rule prevents any individual or entity from owning more than 2 out of 3 media platforms in any radio licence area. It is a redundant regulation. Why? Because it mandates that a company such as PRIME cannot own radio and a printed newspaper in any city where it broadcasts a television signal. The absurdity of the regulation is that an online newspaper owner, such as The Guardian, could own a television station and a radio station and publish news online without breaching the regulation.

So, in effect, the 2-out-of-3 rule penalises challenged traditional media companies and benefits online ones.

Regional television operators are being disrupted by all manner of new competition and if we are to continue to provide the services we currently deliver to regional Australia, we must have these regulations removed.

If they are not removed our businesses will be chained to pre-internet era laws at a time when larger metropolitan media companies and their international counterparts access our markets, our audiences and our advertisers using the internet to beam their catch up services and live streaming services into regional homes and the hands of regional mobile phone and tablet users.

The internet is not regulated, whereas TV broadcasting is, so internet services don't have Australian content quotas, local news quotas, advertising category restrictions, program classifications or community service obligations.

New entrants challenge our audience and revenue opportunities. That can only result in a reduction in, or even removal of some of the localised services we offer, because we have few options to trim our costs to maintain our financial performance and meet our obligations.

The health and vitality of regional television is dependent upon regional TV being able to achieve scale to compete against these new market entrants. Only the removal of the two out-dated laws can give independent regional television companies like PRIME, the opportunity to achieve the scale that our metropolitan counterparts have already achieved, which will enable us to remain competitive in a rapidly evolving, and, complex media environment.

We are buoyed that the Turnbull government's comments in recent weeks that suggest a positive change is upon us.

But it doesn't end there – the discussion with government about reduced TV licence fees continues and the TV industry's argument that Australian television licence fees are out of kilter with those in comparative western jurisdictions appears to be resonating with government.

So looming on our horizon is regulatory change that could create a raft of opportunities for regional television operators, while a reduction in, or the removal of licence fees, would provide greater capacity to regional broadcasters to further invest and grow their businesses.
We look forward to what the future holds.

Finally I would like to welcome our two new directors, Cass O'Connor and Mike Hill. With their skills and experience, we believe that they can assist us to best position the company in a sector poised for M&A activity.

And to Michael Siddle who is retiring after this meeting, I offer my thanks for his tremendous contribution to PRIME. I would like to wish him all the very best for the future and thank him for his counsel and support over the past five years.

Thank you and I'll now hand you back to our Chairman, John Hartigan, for the formal part of the meeting.

Ian Audsley
Chief Executive Officer

PRIME MEDIA GROUP

Annual General Meeting 2015

IAN AUDSLEY

Chief Executive Officer

PRIME
MEDIA GROUP

PRIME TV ADVERTISING REVENUE

42.2
share

1.4
share points

Source: KPMG Industry Data 3 Aggregated market Total Advertising | FY15 vs FY14

PRIME MEDIA GROUP

PRIME SHARE OF NATIONAL AGENCY REVENUE SHOWS SLIGHT GROWTH

46.2

share

0.6

share points

Source: KPMG Industry Data 3 Aggregated market | FY15 vs FY14

PRIME AUDIENCE SHARE: EAST COAST

41.7
share

↑ 1.7
share points

Source: KPMG Industry Data 3 Aggregated markets All People | FY15 vs FY14

PRIME AUDIENCE SHARE: WEST COAST

GWN SHARE OF TOTAL NATIONAL & LOCAL REVENUE EXCEEDS AUDIENCE SHARE

63.6*	52.9^
Revenue share	Audience share

Source: * KPMG FY15 Industry Data Total Revenue ^ Regional TAM, All People 0600-2400

COST CONTAINMENT REMAINS A KEY FOCUS

$4.3m

7.4%

FORECAST FOR THE FIRST HALF: FY16

1st QUARTER FY16: CHALLENGING CONDITIONS IN PRIME MARKETS

TOTAL REGIONAL TV AD MARKET BACK 7.2%
PRT BACK 7.9%
- DUE TO V8 SUPERCAR SERIES MOVING TO TEN NETWORK - - AFL GRAND FINAL MOVE TO OCTOBER -

Source: KPMG FY16 Industry Data 3 Aggregated markets Total Advertising Revenue

FY16 – CHALLENGING CONDITIONS PERSIST IN 2ND QUARTER

TOTAL REGIONAL TV AD MARKET
SOFT TRADING CONDITIONS CONTINUE POOR MARKET VISIBILITY

1^{st} QUARTER FY16 – CHALLENGING CONDITIONS IN PRIME LOCAL MARKETS

LOCAL REGIONAL TV AD MARKET BACK 12.2%
PRIME OUTPERFORMING THE MARKET – BACK 11.0%

Source: KPMG FY16 Industry Data 3 Aggregated markets