



ASX RELEASE

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## SOUTHERN CROSS AUSTEREO TO OUTSOURCE TRANSMISSION SERVICES

Southern Cross Media Group Limited (ASX: SXL) (**SCA**) announces that it has agreed to outsource its television and radio broadcast transmission services to Broadcast Australia (**BA**). Under the agreement, SCA will transfer transmission assets to BA, and BA will provide SCA with managed and maintenance services for over 500 radio and TV transmission services around Australia. The agreement is for an initial term of 15 years.

The transition to BA will commence over the next few weeks, with priority to be given to SCA's most important markets. SCA expects to complete the transition to BA by March 2020. SCA's previously announced outsourcing of its television playout operations to NPC Media is progressing well and is also expected to be completed by the end of this financial year.

BA is part of BAI Communications, a global communications infrastructure group with operations in Australia, Canada, Hong Kong, UK and the USA. BA has a long history of delivering resilient broadcast and telecommunications network solutions. In Australia, it is the long-term managed transmission broadcasting services provider to the ABC and SBS.

The transaction will result in a non-cash loss of \$9.2M from the sale of SCA's current broadcast transmission assets to BA, and this will be recorded in the 2019 financial year. BA will be responsible for all future operating costs and capital expenditure associated with SCA's broadcast transmission requirements and the transaction is expected to deliver future cashflow savings to SCA. The outsourcing will deliver reliable and standardised performance across SCA's transmission network, while mitigating capital expenditure and other risks associated with SCA's current ownership of transmission assets.

SCA's Chief Technology Officer, Stephen Haddad, said: "The outsourcing is a logical step for SCA, consistent with the group's strategy of delivering content and media platforms and moving away from asset intensive activities that can be delivered by specialist service providers. With the transition of television playout to NPC Media, the use of Telstra's DVN network for distribution and this outsourcing of transmission services to BA, SCA has created a streamlined and efficient service that minimises the cost of delivery of broadcast radio and television to SCA's licence areas."

As broadcasting transmission services are progressively transitioned to BA, SCA's management processes will be simplified and some current roles will no longer be required.

"We will work closely with affected employees to maintain operations during the transition and to support them in identifying new opportunities as the transition is completed," Mr Haddad said.

For further information, please contact:

**Investors:**

Nick McKechnie  
Chief Financial Officer  
Tel: 03 9922 2001

**Media:**

Rochelle Burbury  
Corporate Communications Manager  
Mob: 0408 774 577