

**SOUTHERN CROSS AUSTereo DELIVERS 3.1% RISE IN NET PROFIT AFTER TAX**

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the year ended 30 June 2019. The result highlights the quality of SCA's core Audio assets in the eyes of consumers and advertisers and the benefits of SCA's disciplined approach to management of costs and cashflow. The final dividend was maintained at 4.00 cents per share, fully franked.

The following table shows comparisons to the prior year:

	FY2019 ¹	Comparison to FY2018 ²		
Revenue	\$661.0M	\$657.8M	0.5%	↑
EBITDA	\$147.4M	\$158.4M	(6.9%)	↓
Underlying EBITDA	\$159.9M	\$158.4M	0.9%	↑
Reported NPAT	(\$91.3M)	\$0.1M	nm	↓
Underlying NPAT	\$76.2M	\$73.9M	3.1%	↑
Net Debt	\$292.6M	\$303.9M	(3.7%)	↓
Full year dividends	7.75 cents	7.75 cents	No change	-

1. Underlying amounts exclude the impact of one-off restructuring charges of \$3.3M and non-cash significant items, comprising the impairment of \$158.9M (net of tax) recorded at 31 December 2018 in relation to the group's regional television licences and the loss of \$9.2M on broadcast transmission assets held for sale at 30 June 2019.
2. FY2018 results have been restated for adoption of AASB 15 – Revenue from Contracts with Customers.

Highlights of the results include:

- Underlying NPAT grew by 3.1% to \$76.2M and underlying EBITDA grew by 0.9% to \$159.9M. These results reflected a strong sales performance by SCA in a challenging media environment, coupled with disciplined cost controls.
- Group revenue was up by 0.5% to \$661.0M, while underlying expenses were flat at \$501M. Including the impact of \$12.5M of non-recurring charges, expenses were up by 2.9% to \$513.6M.
- Revenue in the Audio segment (comprising metropolitan and regional radio and podcasting) was 2.4% higher at \$453.4M. This was driven by 9.2% growth in national revenue, which benefited from the federal election and the Boomtown regional trade marketing campaign. Local advertising slowed in both metro and regional markets, influenced by federal and state elections, the financial services royal commission and the contraction in housing and automotive markets. Underlying EBITDA of \$152.7M was 3.4% up on the prior year.
- Underlying EBITDA in the Television segment improved by 1.2% to \$33.7M supported by strong cost discipline with underlying expenses down by 4.0%. Television revenue declined by 3.2% to \$206.5M. This was a credible performance, given that revenue in the three aggregated markets of Victoria, southern NSW and Queensland was back overall by 5.3%.

- SCA's balance sheet is healthy, with strong cash conversion of 91% supporting a further reduction of \$11.3M or 3.7% in net debt. Shareholder returns were maintained with fully franked dividends of 7.75 cents per share, including the final dividend of 4.00 cents per share.

Southern Cross Austereo CEO, Grant Blackley, said: "SCA's Audio business grew during the year, outpacing the market. In metro markets, SCA's Audio revenue increased by 4.1%, while the broader radio market declined by 0.5%. SCA's regional radio revenue grew by 1.5%, boosted by the Boomtown initiative. In both cases, these results were driven by strong growth in national revenues, which were up by 9.2% on the prior year.

"In metro markets, our Hit and Triple M brands performed consistently in FM and digital radio audience surveys. The decision to aggregate our FM and digital radio reach offers advertisers a unique, simple and scaled value proposition and has reaped rewards. When brands choose to advertise on Hit or Triple M, their advertisements are broadcast in the same day-part on five radio stations in the same location, significantly extending their commercial impact.

"PodcastOne Australia has consolidated its position as the leading premium commercial podcast business in Australia. Now home to 65 original Australian podcast titles, as well as the best podcasts from our US partner, PodcastOne Australia has attracted a premium group of corporate sponsors and is expected to reach cashflow breakeven in the second half of the new financial year.

"SCA's Television business also performed well, considerably outperforming the market. SCA's premium selling strategy delivered a power ratio – which measures the conversion of ratings to revenue - of 1.05 in the four east coast aggregated markets.

"SCA's national revenue in regional radio and television markets grew by 4.1% compared to the prior year. This growth has been driven by targeted initiatives taken by SCA over several years to change the perception among metropolitan media buyers of the value of regional Australia and to increase advertising investment in regional media. In 2019, SCA joined with other regional media companies in the Boomtown joint marketing campaign to accelerate these initiatives.

"SCA will continue to invest sensibly in 'front-of-house' activities: creating compelling content and using our audio assets to help our advertising partners succeed. This will include optimising the value of our current radio and podcasting brands, as well as developing new audio products that meet the increasing consumer demand for mobile, personalised, on-demand audio content.

"This will be complemented by a focus on operational excellence in our 'back of house' functions, including implementing the recently announced outsourcing of SCA's television playout and broadcast transmission functions."

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