

**ASX RELEASE**

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SCA delivers first half underlying EBITDA of \$62.2M

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the six months ended 31 December 2019. Before adjustments for AASB16 (Leases), underlying EBITDA of \$62.2M was within the guidance provided in October 2019. An interim fully franked dividend of 2.75 cents per share will be paid on 16 April 2020.

The following table shows comparisons to the prior corresponding period:

	H1 FY2020	Excluding AASB16 (Leases)		
		H1 FY2020 ¹	Comparison to H1 FY2019 ¹	
Revenue	\$308.1M	\$308.1M	\$335.7M	8.2% ↓
EBITDA	\$67.5M	\$59.3M	\$82.1M	27.7% ↓
Underlying EBITDA		\$62.2M	\$84.8M	26.7% ↓
Reported NPAT	\$20.4M	\$22.4M	(\$119.2M)	N.m.
Underlying NPAT		\$28.6M	\$41.5M	31.1% ↓
Net Debt		\$330.5M	\$295.1M	12.0% ↑
Interim dividend		2.75 cents	3.75 cents	26.7% ↓

N.m. Not meaningful

- Underlying amounts exclude the impact of significant items, including a non-cash benefit of \$8.2M relating to adoption of AASB16 (Leases), a \$3.3M non-cash impairment of an advertising contra-funded investment, and one-off restructuring charges of \$2.9M.

Headline achievements for the period include:

- SCA's sales teams performed strongly in a weak media environment. The Boomtown industry trade marketing initiative saw national regional advertising revenues outperform metro markets.
- SCA's digital audio revenues grew 140% compared to the prior corresponding period. This was led by PodcastOne Australia – Australia's leading premium podcast network – and SCA's sales representation for SoundCloud.
- In television, SCA delivered its highest ever power ratio – measuring conversion of ratings to revenue – of 1.11 in the four east coast aggregated markets.
- Excluding adjustments for AASB16 (Leases), operating expenses of \$248.8M were 1.9% lower than in H1 FY2019. This reflected ongoing discipline in management of operating costs.
- Actions taken in the first half will yield further savings in labour and discretionary costs in the second half, with full year costs forecast to be \$5M-\$10M below the prior year. These forecast savings are after accounting for increases of \$8M in wages and other contracted costs, along with approximately \$4.5M in incremental operating costs for the full year as a result of outsourcing broadcast transmission and television playout services.

- Capital expenditure for the full year will be \$6M-\$8M lower than in FY2019, the result of outsourcing broadcast transmission services and television playout, along with other cost initiatives.
- Strong cash conversion of 91% demonstrates the quality of SCA's assets and earnings.
- The Redwave acquisition, completed on 31 December 2019, is expected to contribute \$2M to EBITDA in the second half and be accretive for earnings per share and return on invested capital. Redwave's eight radio stations in regional Western Australia will be rebranded within SCA's Triple M and Hit networks from 16 March.
- SCA's balance sheet remains strong. Net debt increased during the period to \$330.5M as a result of debt funding of the Redwave acquisition. SCA remains appropriately geared with significant covenant headroom and strong cash conversion. The refinancing completed in December 2019 provides certainty of funding through to the end of 2022.
- An interim dividend of 2.75 cents per share, fully franked, will be paid on 16 April.

Southern Cross Austereo CEO, Grant Blackley, said:

"SCA is Australia's largest audio group, owning and operating 96 FM, AM and DAB+ radio stations around Australia. Audio remains an attractive platform for audiences and advertisers and is well-positioned to benefit from improvements in media markets. Total average audiences for metro radio grew in 2019, while average time spent listening remained stable.

"Consumption of digital audio is growing strongly, providing opportunities for growing revenue through premium addressable advertising. With an aggregated commercial reach of over three million monthly users, SCA offers advertisers scaled and simple solutions to target consumer interests, behaviours and passions.

"PodcastOne Australia continues to be Australia's leading commercial podcast network, providing advertisers with premium access to audiences who are highly engaged with our creators and their areas of interest. SCA's catch-up radio podcasts are the BVOD of radio, with more than 450,000 signed-in unique and addressable users. In addition, SCA enjoys exclusive Australian representation of SoundCloud - an open, digital audio platform fostering new talent and connecting advertisers to younger fans of new and emerging music and culture.

"SCA's Television business continued to benefit from strategic decisions in recent years to outsource non-core functions to create a more efficient cost base. Underlying expenses reduced by 6%, cushioning the impact of lower spending by advertisers.

"SCA's Audio and Television activities in regional markets also benefited from the Boomtown industry marketing campaign. SCA and other regional media companies will continue to invest in and mature Boomtown in the year ahead.

"SCA's strategy has two clear pathways. We will ensure our core business is resilient, effective and efficient at delivering compelling content for our audiences and demonstrable positive returns for our advertisers and other business partners. At the same time, we will invest in developing new on-demand and personalised audio products to build profitable and sustainable revenue streams for the future."

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Approved for release by the Board of Directors.

About Southern Cross Austereo

Southern Cross Austereo (SCA) is one of Australia's leading media companies reaching more than 95% of the Australian population through its radio, television and digital assets. Under the Triple M and Hit network brands, SCA owns 96 stations across FM, AM and DAB+ radio. SCA provides national sales representation for 25 other regional radio stations. SCA broadcasts 92 free to air TV signals across regional Australia, reaching 4.4 million people a week, with Nine Network programming and advertising representation across Australia's East Coast, Seven Network programming in Tasmania and Darwin, and Seven, Nine and Ten programming in Spencer Gulf. SCA operates Australia's leading premium podcasting network - PodcastOne Australia – and provides Australian sales representation for global open audio platform SoundCloud. SCA's premium brands are supported by social media, live events, video, online and mobile assets that deliver national and local entertainment and news content. <https://www.southerncrossaustereo.com.au/>