



ASX RELEASE

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## SCA delivers first half EBITDA of \$75.3M

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the six months ended 31 December 2020.

The following table highlights comparisons to the prior corresponding period:

	H1 FY21	H1 FY20	Variance
Revenue	\$259.2M	\$308.1M	(15.9%)
Expenses	(\$183.9M)	(\$240.6M)	(23.6%)
EBITDA	\$75.3M	\$67.5M	11.5%
NPAT	\$32.5M	\$20.4M	59.3%
Free cash conversion	134%	108%	-
Net debt <sup>1</sup>	\$66.4M	\$131.6M	(49.5%)

Headline achievements for the period include:

- Group EBITDA, NPAT and operating margins improved compared to H1 FY20. These positive results were driven by pro-active measures to implement a leaner operating model, while also being assisted by temporary Government support (JobKeeper \$31.9M and PING<sup>2</sup> \$3.4M).
- Under the leaner operating model introduced during last year, SCA's non-revenue related costs of \$106.1M were 30% lower than in H1 FY20. Non-revenue related costs are expected to be \$255M-\$260M for the full year.
- Net debt reduced by half since a year ago to a historic low of \$66.4M, providing financial stability and support to pursue growth opportunities. The Group's leverage ratio of 0.39x annualised Q2 EBITDA provides significant headroom against the banking leverage covenant of 4.5x.
- Operating cashflow conversion of 134% showed the quality of SCA's assets and earnings in difficult trading conditions. With working capital benefits of \$15M (through COVID-related expense deferrals and the timing of government grants) to reverse in the second half, it is expected this will return to 90%-100% for the full year.
- Audio revenue of \$173.3M was 17.8% lower than in H1 FY20. The impacts of COVID on metro radio markets were offset by growth of 6.8% in national regional radio revenue as SCA continued to benefit from the Boomtown trade marketing initiative and relatively favourable economic indicators in regional markets.
- Television markets recovered more quickly than radio markets, with television revenues of \$84.9M down by 11.7% on H1 FY20. SCA's television sales teams maintained a market-

<sup>1</sup> Net debt comparison is to the Group's net debt on 30 June 2020.

<sup>2</sup> Public Interest News Gathering grant.

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leading power ratio of 1.11 in the four aggregated markets of regional Queensland, northern and southern NSW and regional Victoria.

- SCA launched its new digital audio platform, LiSTNR, on 18 February. LiSTNR is a curated and personalised, free audio entertainment app offering live radio, premium original podcasts, radio podcasts, livestreaming music channels, news and information. Developed exclusively in-house after three years of research and development, LiSTNR consolidates SCA's existing digital audio content with a wide range of live and on-demand global, national and local content. It is the new audio destination for all Australians.
- Subject to there being no material adverse change in advertising markets, SCA intends to recommence dividends by paying a final dividend for the 2021 financial year. Any decision to pay a final dividend will be announced upon release of the full year results in August 2021.

SCA CEO, Grant Blackley, said:

"We are pleased to report EBITDA for the half of \$75.3M, which was 11.5% ahead of the prior year. NPAT grew by 59.3% to \$32.5M off the back of a leaner operating model and historically low debt levels. This has strengthened our balance sheet and provides confidence to invest in new organic products and services to optimise audience and revenue outcomes.

"Advertising markets are continuing to improve towards pre-COVID levels as the economy recovers and government restrictions stabilise and ease. Our Q3 revenue is forecast to be between 6% and 8% below the prior corresponding period while costs for the full year will reflect the benefits of work done over the past few years to restructure our business. Capex for the full year is expected to be \$15 million.

"We are reaping the benefits of the steps taken to streamline our television business in recent years. With a higher proportion of variable revenue-related costs and significantly reduced employee costs in the period, our television EBITDA was \$19.5M, 38% higher than in the prior corresponding period. Our EBITDA margin of 23% compared well to 14.7% in the prior corresponding period. Some of these employee cost savings will reverse in the second half, as temporary COVID-related measures unwind.

"We have revitalised our key Breakfast radio shows, led by The Morning Crew with Hughesy, Ed and Erin on 2DAY FM in Sydney, The Marty Sheargold Show on Triple M Melbourne, and Basil, Xav & Jenna on our new Triple M station in Perth. This investment is critical to unlocking higher audiences, revenue and earnings.

"After three years of development and testing along with extensive research into consumers' evolving audio habits, SCA launched LiSTNR on 18 February. LiSTNR is at the core of SCA's digital-first operating model, efficiently deploying smart technology to create, distribute and commercialise our premium audio content. LiSTNR will combine transparent audience measurement with real time insights about listener routines, needs and preferences, enabling advertisers to deliver their brand messages to addressable and targeted audiences at scale.

"The number of Australians accessing digital audio has doubled since 2016 and is projected to reach 80% of Australians by 2024<sup>3</sup>. LiSTNR will provide a personalised listening experience that easily

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<sup>3</sup> Source: GfK Australian Share of Audio 2019

enables consumers to discover a new world of premium, relevant audio that is available both live and on-demand.”

Approved for release by the Board of directors.

For further information, please contact:

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**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 99 stations across FM, AM and DAB+ radio. SCA provides national sales representation for 23 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. A leader in digital audio, SCA operates LISTNR - a curated and personalised free app offering radio, podcasts, music and news: <https://www.LISTNR.com> - and provides Australian sales representation for global open audio platform SoundCloud and Sonos Radio. 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/>