SOUTHERN CROSS AUSTEREO
FY21 INVESTOR PRESENTATION

18 AUGUST 2021

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FY21 RESULTS

Grant Blackley

CEO

SCA

GROUP RESULTS SUMMARY

$ millions	FY21	FY20	Var.
Revenue	529.1	540.8	**(2.2%)**
Expenses	(403.2)	(432.6)	**(6.8%)**
EBITDA	125.9	108.2	**16.4%**
NPAT	48.1	25.1	**91.6%**
Net Debt	52.6	131.6	**(60.0%)**
Free Cash Conversion	122.2%	138.7%	**-**

- EBITDA of $126m, up 16.4% or $17.7m on prior year. (May 21 guidance was $118m - $125m)
- NPAT of $48m up 91.6% or $23m on prior year
- Revenue for FY21 was 2.2% lower than in FY20 following strong recovery in H2 with 16% growth in group revenues aided by improving economic conditions
- Expenses reduced by $29m, a combination of structural cost out initiatives and government support, and inclusive of a $7m investment increase in new digital audio product & capability
- Free Cash generation of $79m applied directly to further debt reduction. Net debt reduced by 60% to $53m
- Fully franked dividend of 5.0cps has been declared, representing 85% of H2 FY21 NPAT

HEADLINE ACHIEVEMENTS

Sales & Content Performance

- Investment in Digital audio resulting in revenue growth of 40% in FY21. Strategic goal to implement and embed a sustainable Digital Audio First Operating Model
- Investment in core formats and marketing across both the Hit and Triple M networks
- Strong H2 Television revenues with "best in market" 1.11[1] power ratio. Seamless transition to Network 10 Affiliation

Operational Improvements

- Successful implementation of a leaner and more efficient operating model – with reduction of $31m in non-revenue related expenses compared to FY20
- Major strategic initiative – LiSTNR, launched successfully in Feb 21 – delivering a personalised premium on-demand audio experience for all Australians
- New TV affiliation agreement secured with Network 10 – with expectation to deliver an earnings neutral outcome in FY22 (compared to prior year under Nine affiliation)

Financial Stability

- Continued high quality of earnings and with free cash conversion of 122%
- Stronger balance sheet - further 60% reduction in net debt to $53m in FY21, and leverage reduced to 0.43x
- Dividends to recommence with H2 FY21 dividend declared at 5.0cps fully franked

[1] KPMG Market Share Report for Regional Queensland, SNSW, NNSW & Regional Victoria

FY21 FINANCIAL RESULTS

Nick McKechnie

CFO

GROUP REPORTED STATUTORY RESULTS

$ millions	FY21	FY20	Var.
Revenue	529.1	540.8	**(2.2%)**
Expenses	(403.2)	(432.6)	**(6.8%)**
EBITDA	**125.9**	**108.2**	**16.4%**
EBITDA Margin	*23.8%*	*20.0%*	
Depreciation & Amortisation	(32.8)	(36.6)	**(10.4%)**
Impairments	0.0	(6.1)	**n.m**
EBIT	**93.2**	**65.5**	**42.2%**
Net Finance Costs	(21.9)	(27.2)	**(19.6%)**
PBT	**71.3**	**38.3**	**86.1%**
Tax	(23.2)	(13.2)	**(75.7%)**
NPAT	**48.1**	**25.1**	**91.6%**

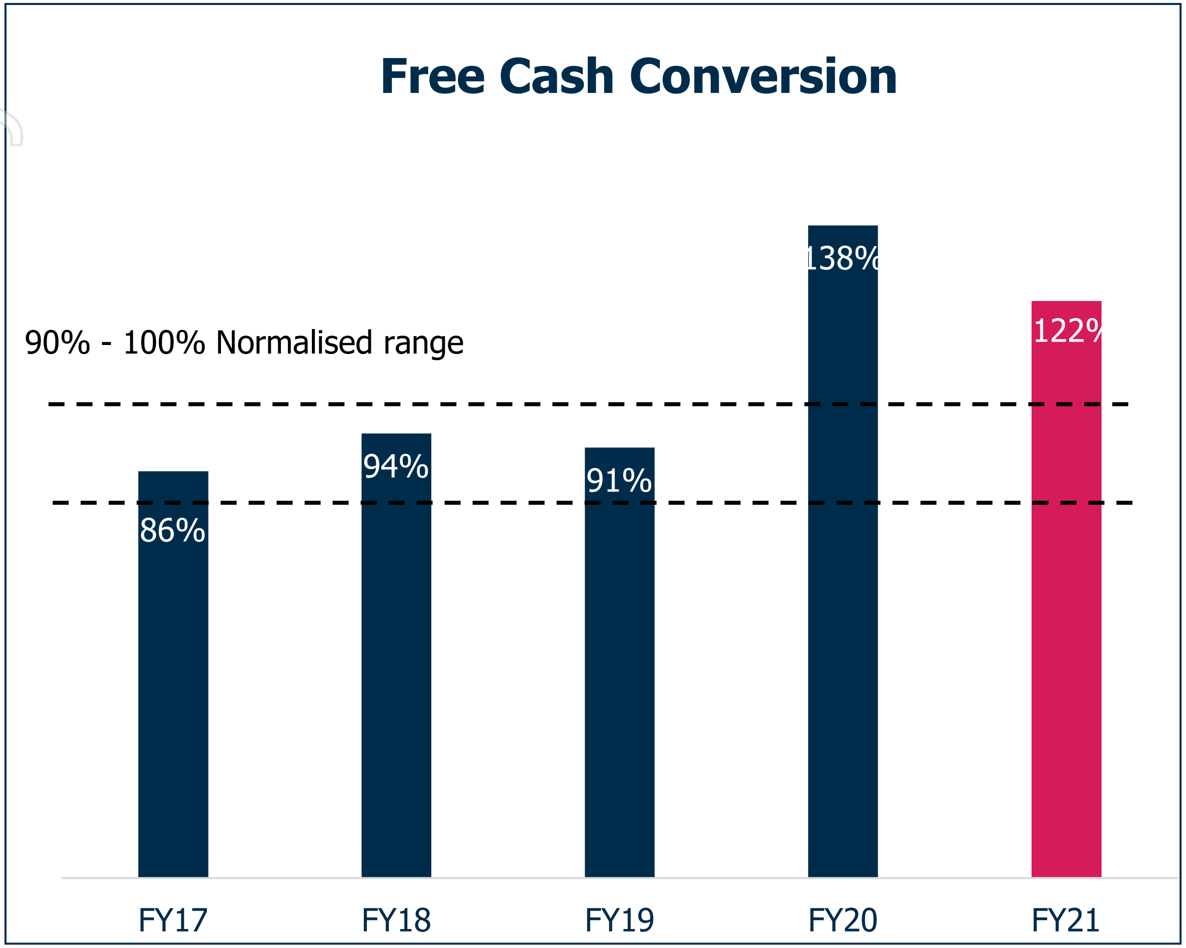
- NPAT $48.1m, up 91.6% or $23m from FY20
- Group EBITDA margin of 23.8% - up from a 20% margin in prior year
- Revenues down only 2.2% to $529m supported by a strong market recovery in H2 FY21 (+16% v p.c.p) and an improving revenue share for SCA
- Net Finance Costs of $21.9m were 19.6% or $5.3m below prior period

CASHFLOW

$ millions	FY21	FY20
Opening Cash	271.4	32.4
Net Cash from Operations	**131.4**	**121.6**
Leases	(6.2)	(7.5)
Tax Payment	(16.0)	(18.3)
Payments for Non-Current Assets	(13.8)	(16.7)
Proceeds from sale of Non Core Assets	2.5	1.9
Net Interest	(18.2)	(19.4)
Cash flow pre-dividend & non recurring items	**79.6**	**61.6**
Net outflow from Purchase of Operations	(0.6)	(28.8)
Dividends to security holders	0.0	(30.8)
Net proceeds of capital raise	0.0	160.8
Debt drawdown / (repayment)	(275.0)	76.1
Closing Cash Balance	**75.4**	**271.4**
EBITDA	125.9	108.2
Operating Cash Conversion	**104.3%**	**112.4%**
Free Cashflow (Cash from Ops. -Net Capital Exp. & Finance Leases)	113.8	99.3
EBIT (excluding Impairments)	93.2	71.6
Free Cash conversion	**122.2%**	**138.7%**

- Free cashflow of $79m
- Cash collection has remained strong with no adverse changes in collection profiles
- A targeted and measured approach to capex spend of $13.8m in FY21

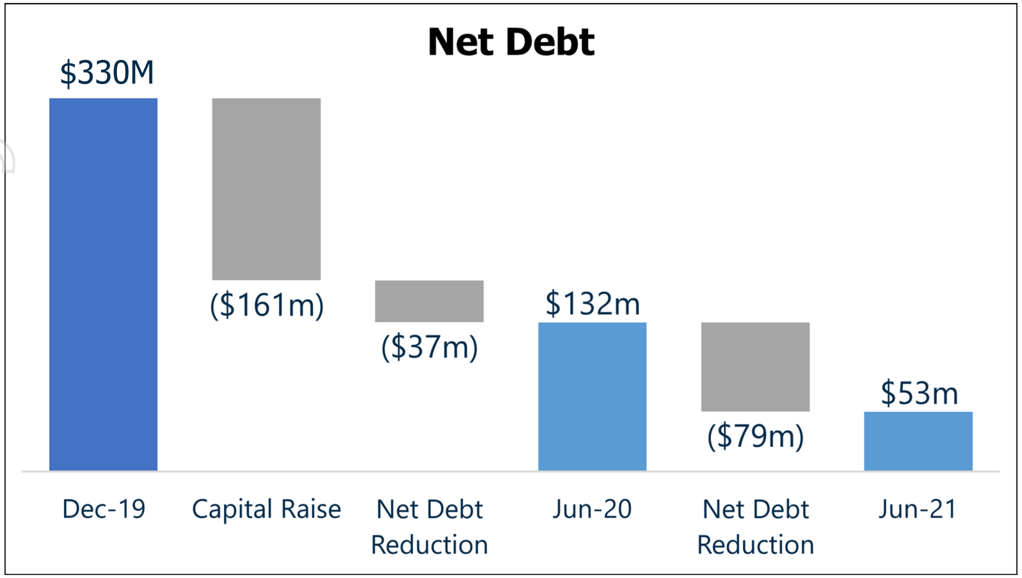
HIGH QUALITY OF EARNINGS

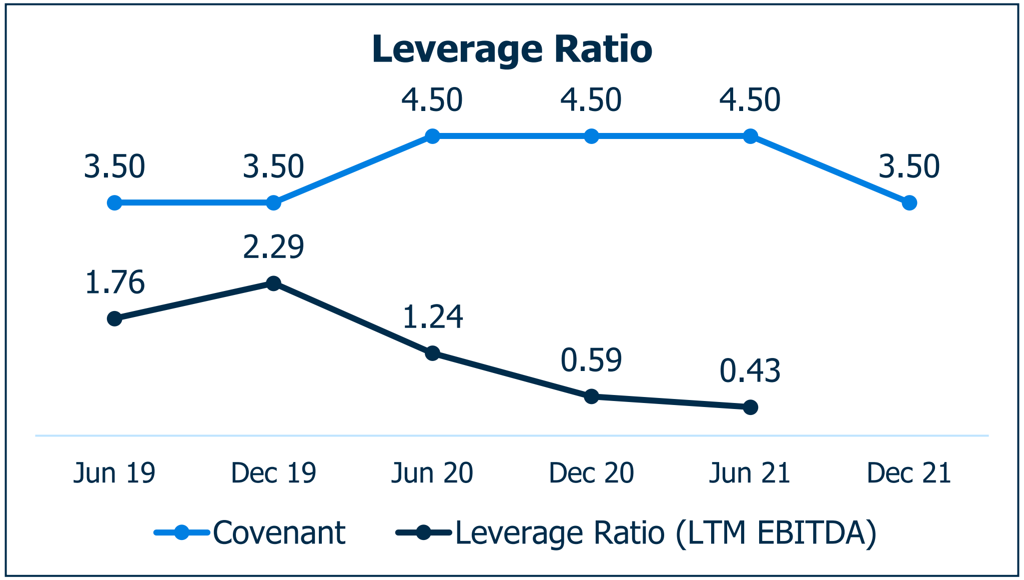


Consistent high quality earnings over past 5 years

- Free cash conversion of 122.2%
- Cash conversion in last 2 years aided by working capital cycle and restrained capital investment
- FY22 cash conversion will be lower due to elevated capex investment on core systems and property before reverting to normalised cash conversion of 90-100%

STRONG BALANCE SHEET





Net debt reduced to $53m, 60% down on June 20

- $275m of debt repaid in FY21, debt facility reduced to $250m with $128m currently drawn
- Leverage ratio reduced to 0.43x. Interest cover ratio at 15.6x – comfortably in excess of 3.0x minimum covenant level

Capital Management Initiatives

- Fully franked dividends recommenced with 5.0 cps fully franked H2 FY21 dividend declared
- Dividend payout policy – 65% to 85% Underlying NPAT

OPERATIONAL REVIEW

OPERATIONAL REVIEW

$ millions	FY21	FY20	Var.
Audio Revenue	359.7	371.1	(3.1%)
Television Revenue	169.0	169.5	(0.3%)
Corporate Revenue	0.4	0.2	137.3%
Total Revenue	**529.1**	**540.8**	**(2.2%)**
Audio Expenses	(244.7)	(262.6)	(6.8%)
Television Expenses	(130.9)	(145.6)	(10.2%)
Corporate Expenses	(27.6)	(24.4)	13.4%
Total Expenses	**(403.2)**	**(432.6)**	**(6.8%)**
Audio EBITDA	115.0	108.5	6.0%
Television EBITDA	38.1	23.9	59.7%
Corporate EBITDA	(27.2)	(24.2)	(12.4%)
EBITDA	**125.9**	**108.2**	**16.4%**

EBITDA was $126m, 16.4% above prior corresponding period

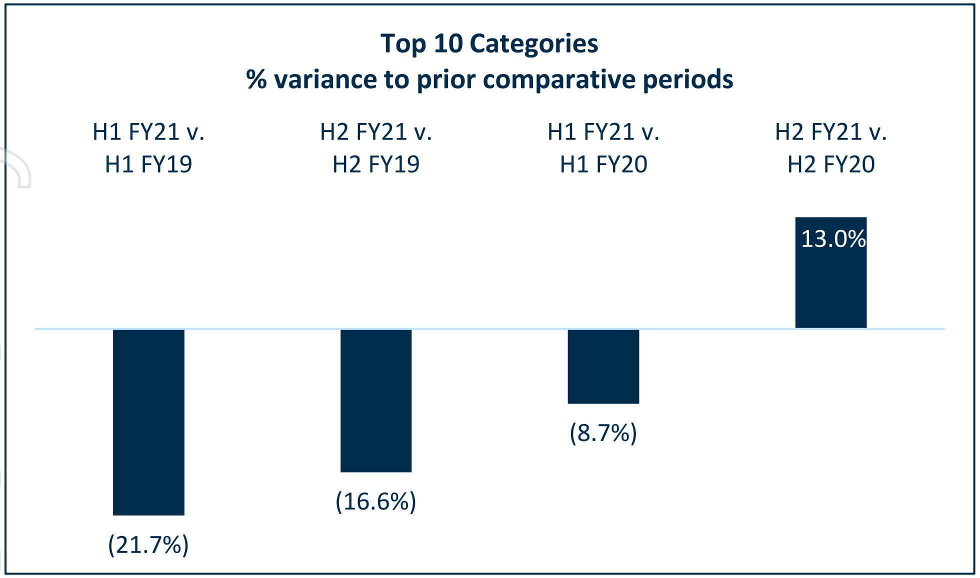
- Audio EBITDA up 6% to $115m. Revenue back 3.1% on prior year, aided by strong recovery in revenue in H2 FY21
- TV EBITDA up 59.7% to $38.1m. Revenue underpinned by strong national advertiser growth and returning SME spends
- Total Expenses down $29.4m - a combination of structural cost savings , government support received in H1 only, and includes additional $7m investment in digital audio
- Corporate EBITDA impacted by a substantial increase in D&O insurance costs

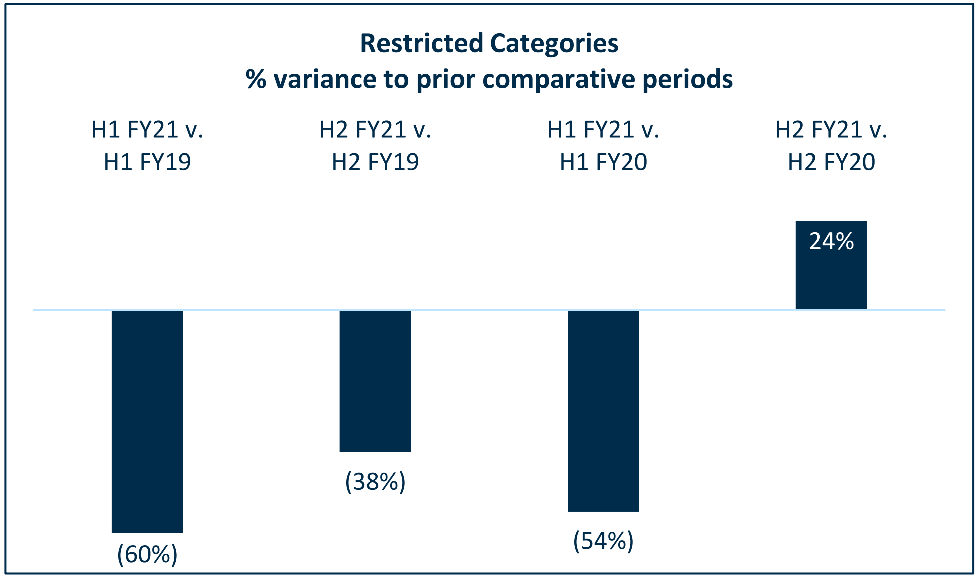
OPERATING COSTS

$ millions	FY21	FY20	Var
Revenue	529.1	540.8	**(2.2%)**
Revenue Related Costs	(158.4)	(156.7)	**1.1%**
Revenue related costs as % of revenue	*30%*	*29%*	-
Non Revenue Related Costs	**(244.8)**	**(275.9)**	**(11.2%)**
EBITDA	**125.9**	**108.2**	**16.4%**

- Revenue related costs for FY21 are 30% of revenue, up 1pt in FY21 due to strong recovery of lower margin TV Revenue.
- Non revenue related (NRR) costs reduced $31m or 11.2% from $276m in FY20 to $245m in FY21
  - FY21 NRR costs below forecasted guidance of $250m - $255m
- NRR costs for FY22 include reversal of JobKeeper benefits in FY21 and investment in digital audio offsetting digital revenue growth

CATEGORY ANALYSIS





- **Top 10 revenue growth categories in FY21** include retail, home furnishing, auto dealers, construction, finance and government - these categories comprise circa 60% of total advertising revenue and continue to show an upwards trend in recovery.

- **Global supply chain issues** tested certain industries including automotive – but is expected to ease in current year

- **Restricted Categories are still impacted** by COVID-19 restrictions and include live entertainment, travel and accommodation, cinemas, theme parks and sport. Improving recovery rate, but slowing due to current lockdowns, with expected return to stronger rate of recovery by calendar year end and into H2 FY22. These categories account for 6% of total advertising revenues

Source: Internal revenue data

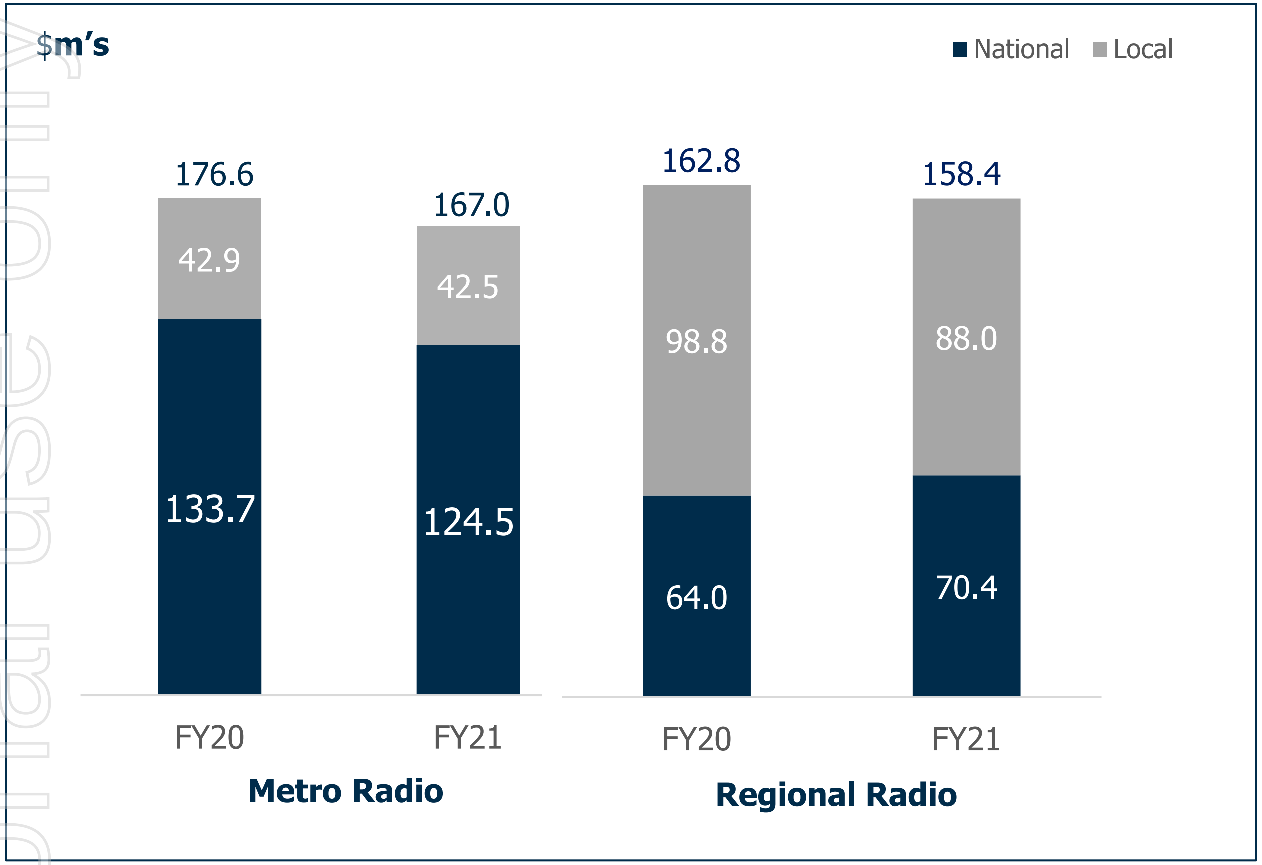
AUDIO - OVERVIEW

$ millions	FY21	FY20	Var.
Total Revenue	**359.7**	**371.1**	**(3.1%)**
Revenue Related Expenses	**(61.3)**	**(59.0)**	**4.0%**
Employee Expenses	(122.6)	(138.0)	**(11.1%)**
Other NRR Expenses	(60.8)	(65.6)	**(7.3%)**
Total NRR Expenses	**(183.4)**	**(203.5)**	**(9.9%)**
Total Expenses	**(244.7)**	**(262.6)**	**(6.8%)**
EBITDA	**115.0**	**108.5**	**6.0%**
EBITDA Margin	*32.0%*	*29.3%*	

EBITDA of $115m up 6.0% with margin improved to 32.0%

- Revenue 3.1% down on prior year, H2 revenues up 16.3% on p.c.p.
- Total expenses down $17.9m or 6.8% on prior year at $244.7m
- Revenue related costs have increased due to variable costs associated with growth in podcasting
- Results aided by Jobkeeper and PING support in H1 only

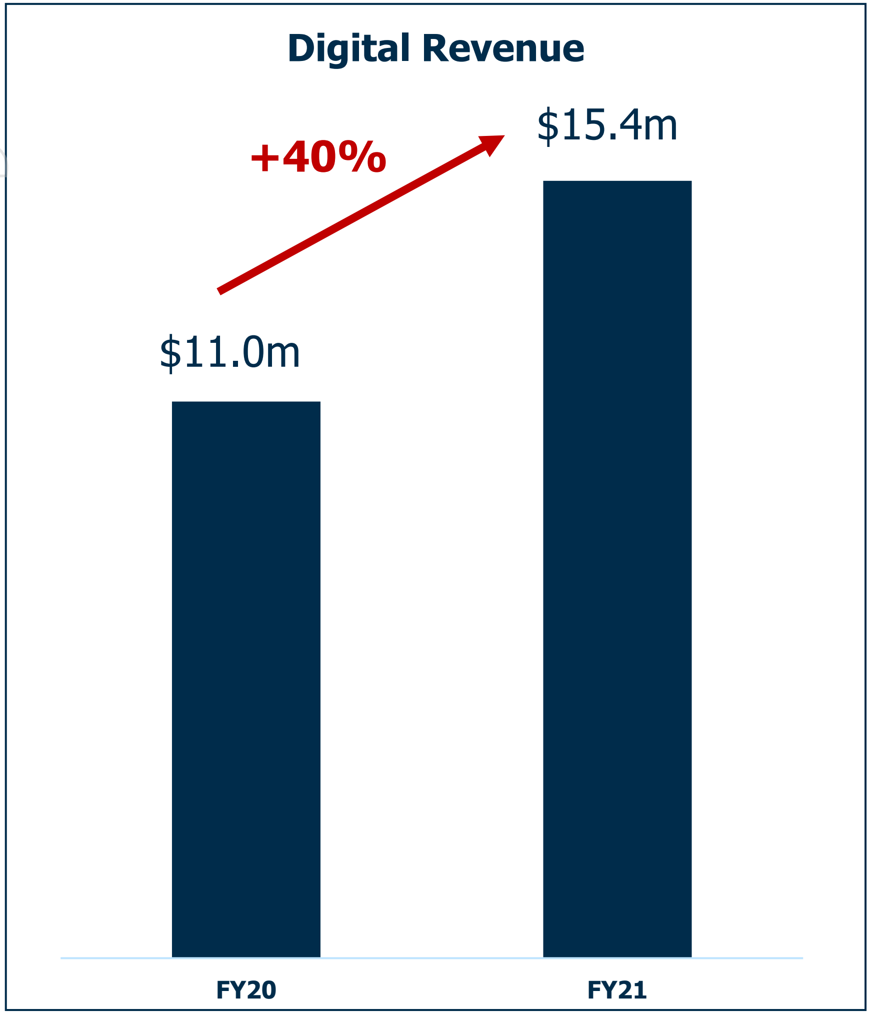
AUDIO – RADIO ADVERTISING REVENUES



Regional radio revenue has recovered faster than metro radio with only 2.7% decline over prior year

- National Regional Radio provided solid growth of +10%, the impact of improved monetisation, the continued Boomtown marketing and better prevailing economic and health conditions
- Metro radio revenue reflects 2.4% market decline together with impact of temporary cessation of surveys and reduced listening to Commercial FM stations during H1 lockdown periods

DIGITAL ADVERTISING



Digital revenue continues to accelerate following further maturing of SCA's Instream service and after launch of LiSTNR. Total Digital Audience Network of 4.5m listeners

Instream revenue (Addressable Advertising)

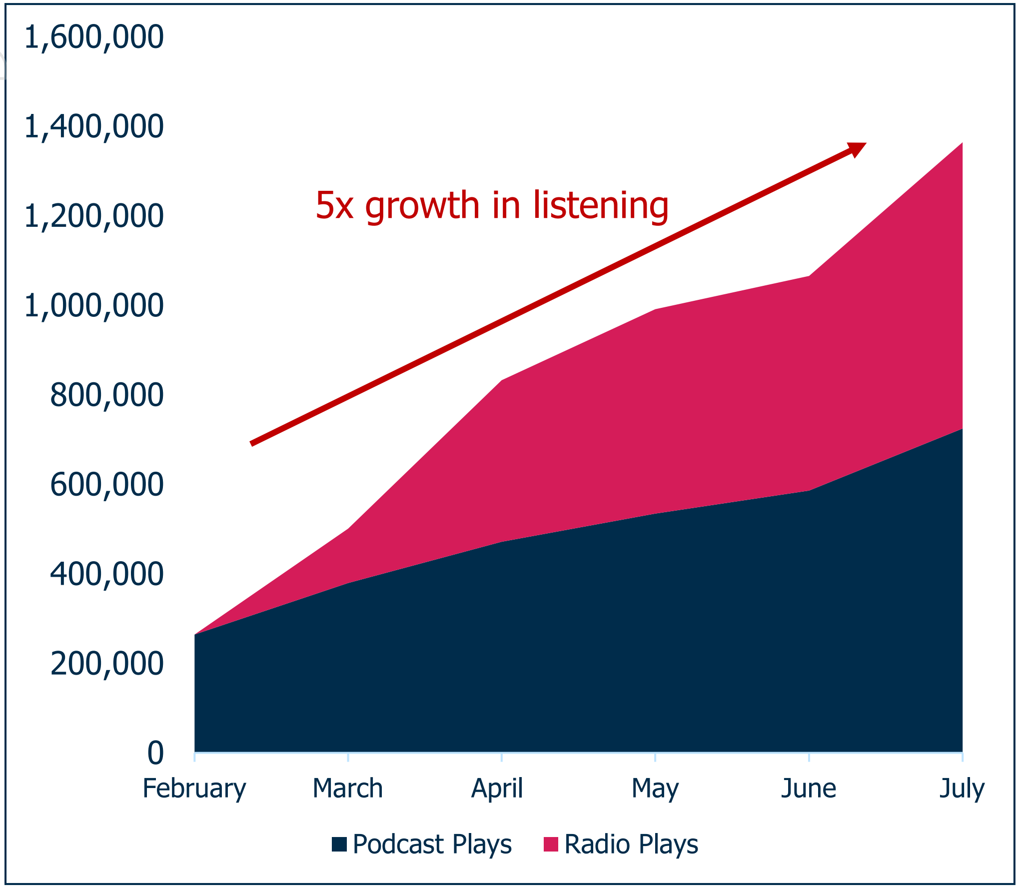
- Live radio streaming reach of 1.5m, up 30% on prior year. Over 10m live streaming hours per month (June 21)
- Revenue up 100% on FY20
- Strong future revenue growth profile - increasing audience, improving sell through rates, higher inventory levels and consistently resilient CPM's

Podcast revenue

- Expanding premium content slate delivered growth in advertiser demand – resulting in higher revenues
- LiSTNR driving strong and improving profile of listening consumption
- Monthly downloads of 9.5m in June, up 20% on prior year

Sources: Audiometirx, Triton Podcast ranker, SCA internal data

LiSTNR AUDIO CONSUMPTION



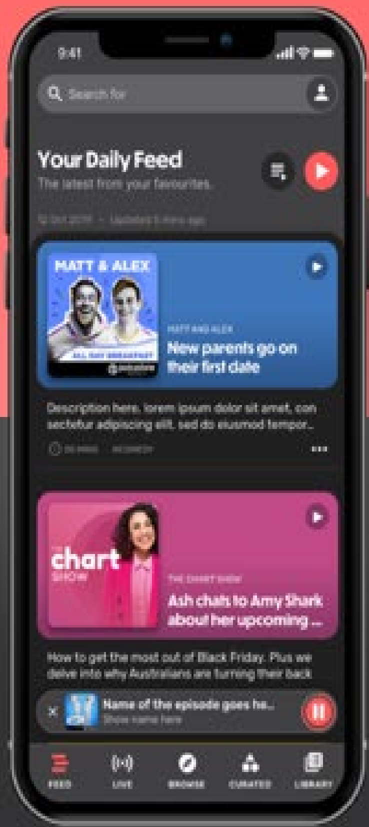
The house of LiSTNR prides itself on 4 content verticals – Radio, Music, Podcasts & News. LiSTNR Sport vertical will soon launch with streaming content from the AFL, NRL and Cricket Australia

- Radio streaming has grown significantly since launch and podcasting listening is up 200% over the 5 months since launch
- The volume of content consumed per signed-in user has grown over 60% since launch - demonstrating the benefit of users discovering a world of premium content within the app
- LiSTNR tracking well to be "Australia's Ultimate Audio Destination"

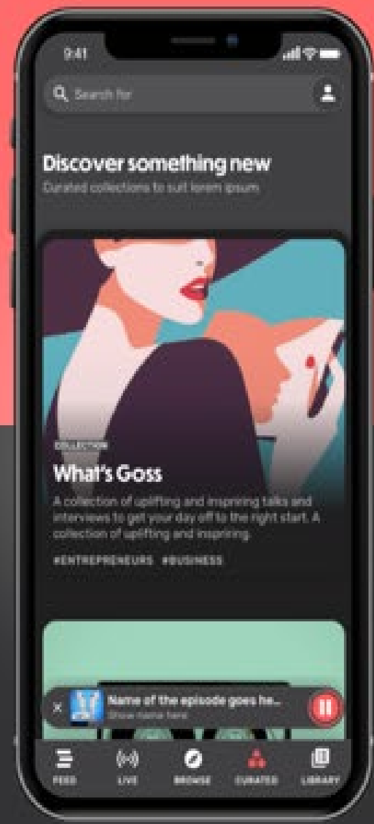
Source: SCA internal data

A TAILORED CONSUMER APP EXPERIENCE

Intuitive Onboarding



Personalised Daily Feed



Ease of Discovery

LiSTNR

AUDIO ANYTIME, ANYWHERE

LiSTNR

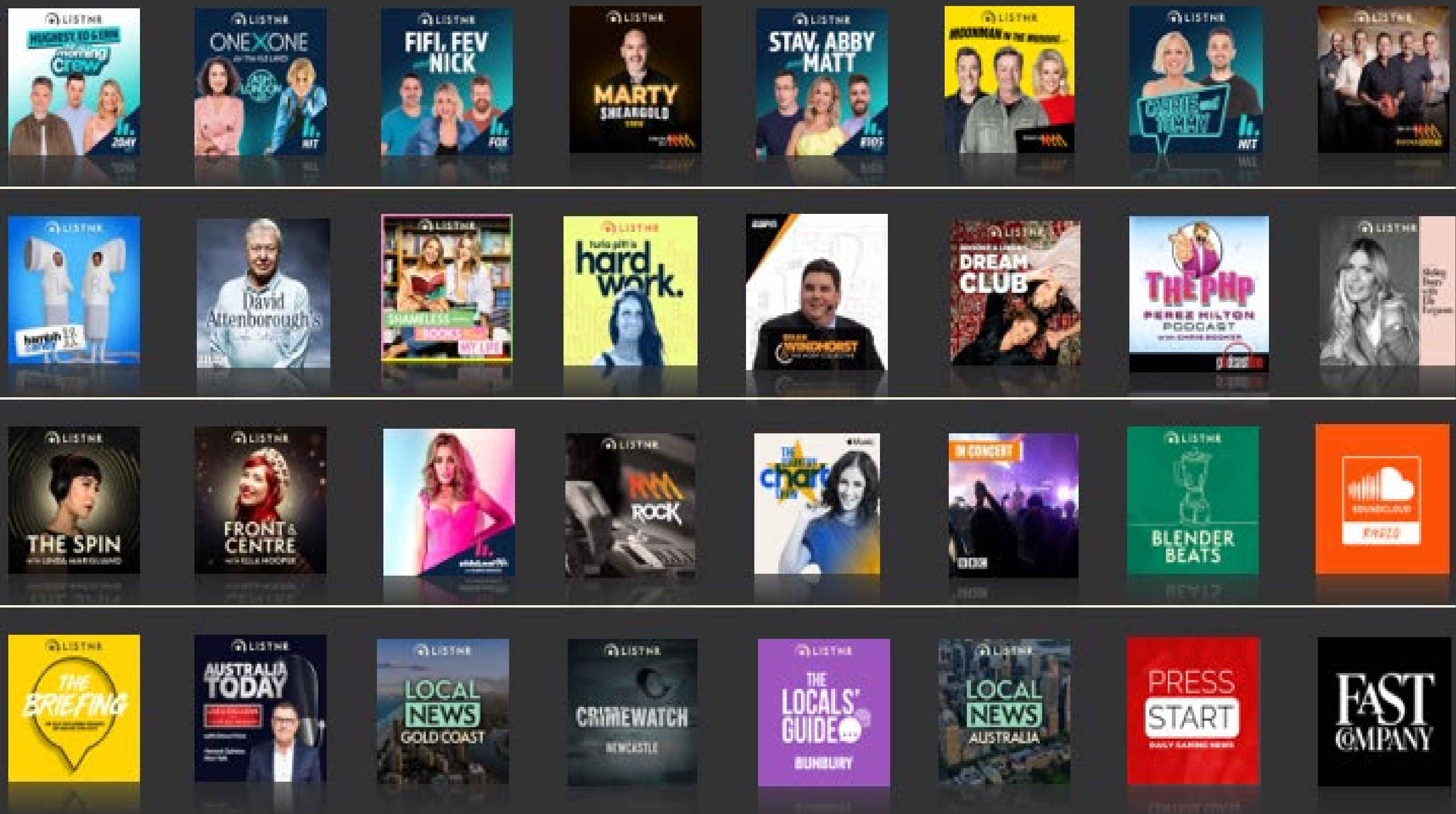
WHAT IS LiSTNR

RADIO

PODCASTS

MUSIC

NEWS



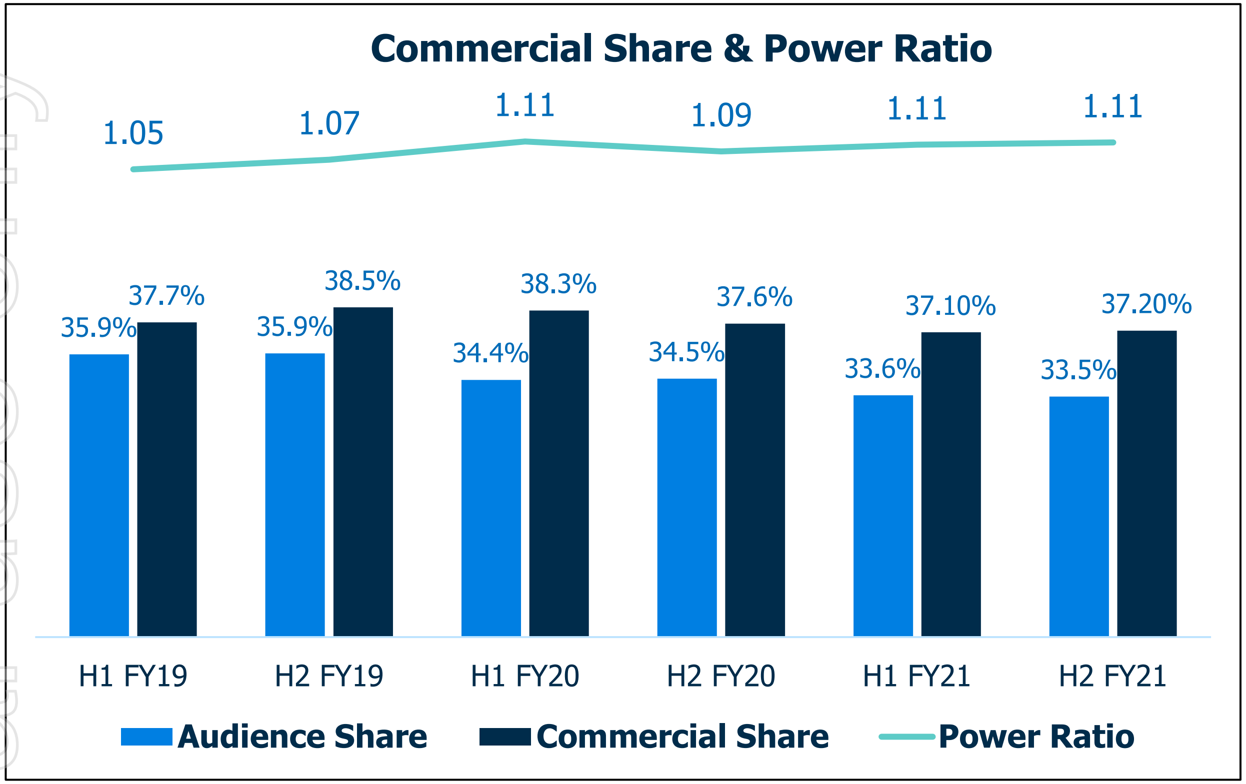
TELEVISION - OVERVIEW

$ millions	FY21	FY20	Var.
Total Revenue	**169.0**	**169.5**	**(0.3%)**
Revenue Related Expenses	**(97.1)**	**(97.5)**	**(0.4%)**
Employee Expenses	(13.0)	(25.6)	**(49.1%)**
Other NRR Expenses	(20.8)	(22.5)	**(7.7%)**
Total NRR Expenses	**(33.8)**	**(48.1)**	**(29.8%)**
Total Expenses	**(130.9)**	**(145.6)**	**(10.2%)**
EBITDA	**38.1**	**23.9**	**59.7%**
EBITDA Margin	*22.5%*	*14.1%*	

EBITDA of $38.1m up 59.7% with margin improving to 22.5%

- TV revenue led the overall market recovery and continues to post good momentum
- Revenue related expenses at 57.5% of revenue
- Non revenue related expenses decreased 29.8% on p.c.p including Jobkeeper/ PING funding, temporary COVID measures and permanent reduction in headcount
- SkyNews Australia launched in East Coast markets from 1 August – providing modest additional upside for FY22

TELEVISION – POWER RATIO



- Market leading power ratio maintained in H2, despite market uncertainty on affiliation switch
- Unparalleled TV sales leadership has ensured a smooth transition and strong monetisation of Ten content into FY22

Source: KPMG Market Share Report for Regional Queensland, SNSW, NNSW & Regional Victoria

KEY PRIORITIES – THE YEAR AHEAD

Revenue & Audience

- **Grow Radio Audiences** – remain laser focused on the improvement of high value economic formats to increase ratings and revenue
- **Optimise TV Earnings** – continue to deliver strong revenue to ratings power ratios to maximise earnings

Operational

- **Digital Audio First Strategy** – further mature and ingrain the Digital Audio First operating model across all our 65 offices and the many communities we serve. This will include but is not limited to, enhancing capabilities including data and insights, re-defining workflows and further expanding the premium content portfolio
- **House of LiSTNR** – further develop the LiSTNR product – providing enhanced functionality, more premium content, improved customer recommendations and stronger monetisation

Financial

- **Quality of Earnings** - continue to deliver a high quality of earnings with strong cashflow conversion
- **Strong Balance Sheet** - maintain robust balance sheet and focus on improving shareholder returns

TRADING UPDATE

Revenue

- Group Audio revenues up circa 20% for both July & August against pcp
- Television revenues have achieved internal targets for July & August, on target to deliver EBITDA neutral outcome across FY22 (exc. JobKeeper & PING funding)
- Digital revenues expected to grow by 75% - 100% over next 12 months
- SCA has reached a provisional agreement with Google for SCA to join Google News Showcase. SCA can confirm it is pleased with the outcome – but it is not material to earnings

Cost guidance

- Revenue related costs expected to reduce to 23 - 24% of revenue following transition to Network 10 affiliation, offsetting reduction in TV revenue of ~ $35m
- Financing costs expected to reduce by further ~20% to ~$17m
- Capital expenditure will increase in FY22 to ~$35m[1] due to core sales and finance system refresh coupled with Melbourne office relocation. Medium term capex forecasts of ~$20m per annum. Increased expenditure level in FY22 will benefit from accelerated tax deductions

[1] Prior to adoption of IFRIC interpretation which we expect will classify $6-7m of cloud computing system implementation costs within operating expenses

SCA