SOUTHERN CROSS AUSTEREO
H1 FY22 INVESTOR PRESENTATION

24 February 2022

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H1 FY22 RESULTS

Grant Blackley

CEO

GROUP RESULTS SUMMARY

$ millions	H1 FY22	H1 FY21	Var.
Revenue	259.8	259.2	**0.2%**
Expenses	(213.3)	(219.2)	**(2.7%)**
EBITDA exc JK/ PING	46.5	40.0	**16.3%**
Jobkeeper/ PING Funding	1.7	35.4	**(95.2%)**
EBITDA	**48.2**	**75.3**	**(36.0%)**
NPAT	16.8	32.5	**(48.3%)**
Net Debt	67.7	66.4	**1.9%**
Free Cash Conversion	49.8%	133.3%	**-**

- **EBITDA excluding Jobkeeper & PING[1] was $46.5m, 16.3% above prior corresponding period**
- Audio Revenue grew 11.5% over pcp with lower Television revenues due to affiliation change. Total group revenue up 0.2% on prior year
- Expenses reduced by $5.9m, with lower affiliation fees partially offset by targeted investment in expanding Digital Audio portfolio
- Net debt of $68m. Debt successfully refinanced for a further 4 years. Financing costs reducing year on year
- Free cash conversion reduced due to increased receivables from strong November and December revenues and unwind of COVID-related working capital deferrals in prior period
- Fully franked interim dividend of 4.5 cents per share

[1] Public Interest News Gathering grant

HEADLINE ACHIEVEMENTS

Sales & Content

- Audio revenues grew 11.5% or $20m with SCA metropolitan revenue growth exceeding the market
- Radio – the rate of market recovery improved with audiences and revenues producing a sharp increase in November and December (following the end of lockdowns in both Syd/Melb)
- Digital audio revenues grew 36%. Digital Audio market continues to expand as audio consumption grows. Marketers following trends with a larger number of advertising briefs and stronger weight per brief

Operational Improvements

- Seamless transition to Network Ten affiliation. EBITDA up 27% on pcp - producing a market leading revenue power ratio[1]
- LiSTNR maturing at pace with 500,000 signed-up users. Strong growth in customer acquisition and streaming volumes in last 6 months
- Digital First Transformation – continues to be a core strategic advantage and remains a companywide priority. SCA operating more as a Digital First Publisher and monetisation engine than ever before

Financial Stability

- Strong balance sheet with low net debt of $68m and leverage 0.7x
- Refinanced bank facility of $250m secured for next 4 years to further aid investment and mature new audience and revenue opportunities
- Consistent cashflow generation supporting business investment and recurring dividends
- Interim Dividend of 4.5cps fully franked

Source: KPMG Regional TV market data, H1 FY22

H1 FY22 FINANCIAL RESULTS

Nick McKechnie

CFO

GROUP REPORTED STATUTORY RESULTS

$ millions	H1 FY22	H1 FY21	Var.
Revenue	259.8	259.2	**0.2%**
Expenses	(213.3)	(219.2)	**(2.7%)**
EBITDA exc JK/ PING	46.5	40.0	**16.3%**
EBITDA Margin exc JK/ PING	17.9%	15.4%	
Jobkeeper/ PING Funding	1.7	35.4	**95.2%**
EBITDA	**48.2**	**75.3**	**(36.0%)**
EBITDA Margin	*18.6%*	*29.1%*	
Depreciation & Amortisation	(15.7)	(15.9)	**(1.2%)**
EBIT	**32.5**	**59.4**	**(45.3%)**
Net Finance Costs	(8.3)	(11.9)	**(30.5%)**
PBT	**24.2**	**47.5**	**(49.1%)**
Tax	(7.4)	(15.0)	**50.7%**
NPAT	**16.8**	**32.5**	**(48.3%)**

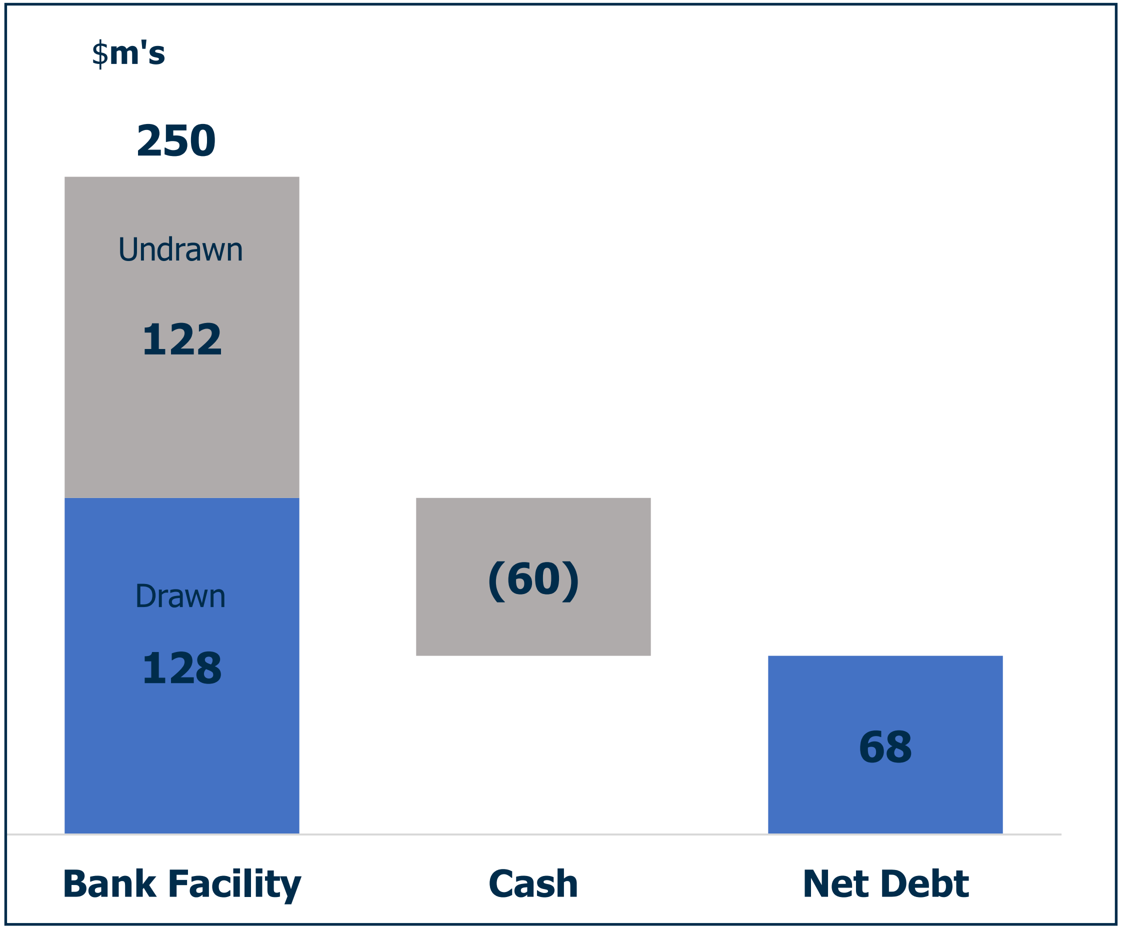
- **EBITDA up $6.5m or 16.3%, excluding Jobkeeper & PING**
- EBITDA margin excluding Jobkeeper & PING expands from 15.4% to 17.9% over the prior corresponding period
- Gross revenues flat on pcp – respecting revenue impact from change of TV affiliation. Audio revenues up 11.5% with market yet to fully recover. Change in TV affiliation positively impacting expenses with reduced television program supply fees
- Net Finance Costs of $8.3m were 30.5% or $3.6m below prior period
- Reduced tax charge in period due to absence of government funding and with tax rate in usual range
- NPAT of $16.8m

CASHFLOW

$ millions	H1 FY22	H1 FY21
Opening Cash	75.4	271.4
Net Cash from Operations	**28.7**	**84.8**
Leases	(3.9)	(2.7)
Tax Payment	(11.9)	(4.7)
Payments for Non-Current Assets	(8.7)	(4.4)
Proceeds from sale of Non Core Assets	0.1	1.6
Net Interest	(4.8)	(9.4)
Cash flow pre-dividend & non recurring items	**(0.6)**	**65.2**
Net outflow from Purchase of Operations	(1.2)	(0.0)
Dividends to security holders	(13.2)	0.0
Debt drawdown / (repayment)	0.0	(100.0)
Closing Cash Balance	**60.4**	**236.6**
EBITDA	48.2	75.3
Operating Cash Conversion	**59.5%**	**112.6%**
Free Cashflow (Cash from Ops. -Net Capital Exp. & Leases)	16.2	79.2
EBIT	32.5	59.4
Free Cash conversion	**49.8%**	**133.3%**

- **Free cashflow of $16.2m – with consistent cashflow generation from asset set**
- Recovery in audio earnings and reduced payments for TV programming costs
- COVID-related deferral in payments in prior period resulted in higher tax and supplier cash outflows in H1 FY22
- Capex increased to $9m as business moves past COVID restrictions and invests in core system improvement and product development of LiSTNR. H2 FY22 capex will include Melbourne office relocation - last major property investment in this cycle

STRONG BALANCE SHEET



- **Bank facility successfully refinanced in December 2021 – new 4-year facility through to January 2026 following strong support from banking group**
- Cash interest on net debt is forecast at ~$3.5m for the full year FY22, substantially below the $7.9m in FY21, as a result of the reduction in debt and lower interest rates, as swaps with higher interest rates have matured

OPERATIONAL REVIEW

OPERATIONAL REVIEW

$ millions	H1 FY22	H1 FY21	Var.
Audio Revenue	193.8	173.8	11.5%
Television Revenue	65.8	84.7	(22.3%)
Corporate Revenue	0.2	0.7	
Total Revenue	**259.8**	**259.2**	**0.2%**
Audio Expenses	(148.4)	(130.3)	13.9%
Television Expenses	(48.4)	(70.9)	(31.8%)
Corporate Expenses	(16.5)	(17.9)	(8.2%)
Total Expenses	**(213.3)**	**(219.2)**	**(2.7%)**
Audio EBITDA	45.3	43.5	4.1%
Television EBITDA	17.5	13.7	27.3%
Corporate EBITDA	(16.3)	(17.3)	5.6%
Total EBITDA Exc JK/ PING	**46.5**	**40.0**	**16.3%**
Jobkeeper/ PING	1.7	35.4	(95.2%)
Total EBITDA	**48.2**	**75.3**	**(36.0%)**

- **EBITDA was $46.5m, 16.3% above prior corresponding period excluding Jobkeeper & PING**
- Audio revenue increased by $20m or 11.5% underpinned by the continued recovery in audio markets, but tempered by the unexpected impact of state lockdowns through to the end of October 2021
- Increase in audio expenses includes the on-going investment in growing SCA's leading digital audio portfolio
- TV EBITDA up 27.3% to $17.5m. The change of affiliation from Nine to Ten in July 2021 delivered reduced revenues - but EBITDA increased due to the stronger market (+9%)[1] and significant reduction in programming costs

[1] KPMG Market Share Report for Regional Queensland, SNSW, Regional Victoria (3Agg only)

OPERATING COSTS

$ millions	H1 FY22	H1 FY21	Var
Revenue	259.8	259.2	0.2%
Revenue Related Costs	(64.7)	(78.1)	(17.1%)
Revenue related costs as % of revenue	25%	30%	-
Non Revenue Related Costs (exc. JK/ Ping Costs)	(148.6)	(141.1)	5.3%
Jobkeeper/ Ping	1.7	35.4	
EBITDA	**48.2**	**75.3**	**(36.0%)**

- **Non revenue related (NRR) costs increased 5.3% to $148.6m driven by on-going investment in a rapidly scaling digital audio business**
- Revenue related costs for H1 FY22 were down from 30% of revenue in H1 FY21 to 25% of revenue, primarily due to change in affiliation agreement for East Coast TV markets
- Television performed slightly ahead of the Audio division due to the positive disposition of agencies and advertisers towards TV during state lockdowns - resulting in marginally higher revenue related costs than forecast

BROADCAST AUDIO - OVERVIEW

$ millions	H1 FY22	H1 FY21	Var.
Total Revenue	**183.3**	**166.2**	**10.3%**
Revenue Related	**(31.7)**	**(27.0)**	**17.4%**
Employee Expenses	(69.4)	(69.7)	**(0.4%)**
Other NRR Expenses	(29.2)	(25.2)	15.5%
Total NRR Expenses	**(98.6)**	**(94.9)**	3.8%
Total Expenses	**(130.2)**	**(121.9)**	**6.8%**
EBITDA Exc JK/ PING	**53.1**	**44.2**	**20.0%**
EBITDA Margin	*29.0%*	*26.6%*	
Jobkeeper/ PING Funding	0.9	27.2	**(96.8%)**
EBITDA	**54.0**	**71.4**	**(24.5%)**
EBITDA Margin	*29.4%*	*43.0%*	

EBITDA of $53.1m up 20.0%

EBITDA Margin improves to 29.0%, each excluding Jobkeeper and PING

- Revenue growth of 10.3% over the prior year, as the radio market continued to recover. The rate of recovery was tempered by the unexpected lockdowns in primary markets of Sydney & Melbourne
- Total expenses increased $8.3m or 6.8% on prior year, with labour related costs held flat. Revenue related costs include increased non-cash contra marketing for sports partnerships disrupted by COVID in pcp
- Other NRR expenses remain 10% below FY20 levels but reflect partial unwind of COVID related temporary savings from FY21

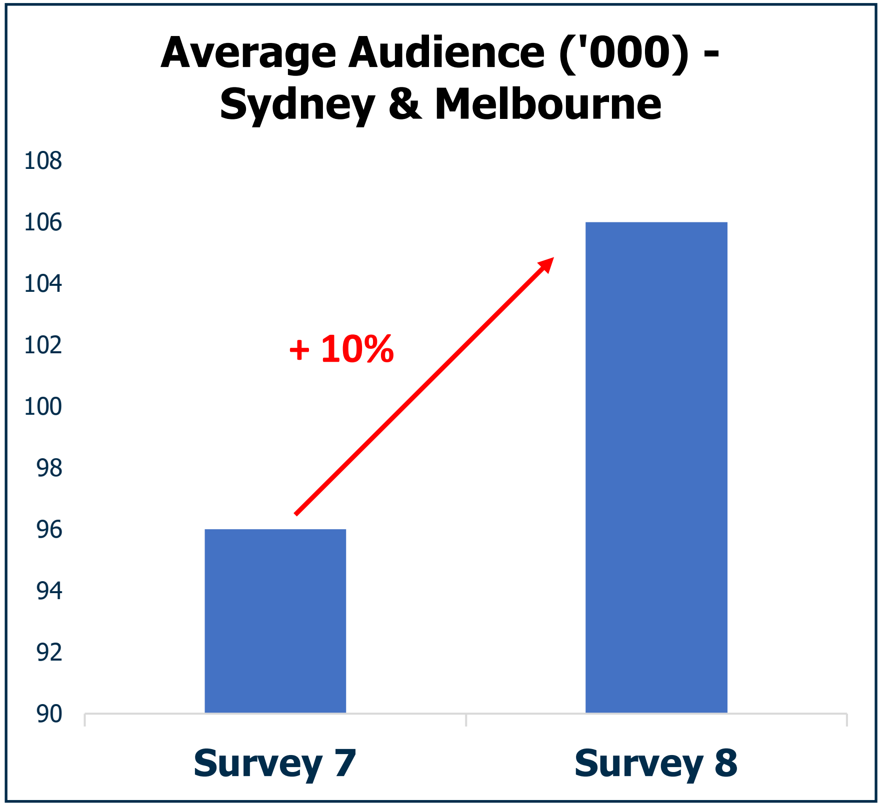
AUDIO – RADIO ADVERTISING REVENUES

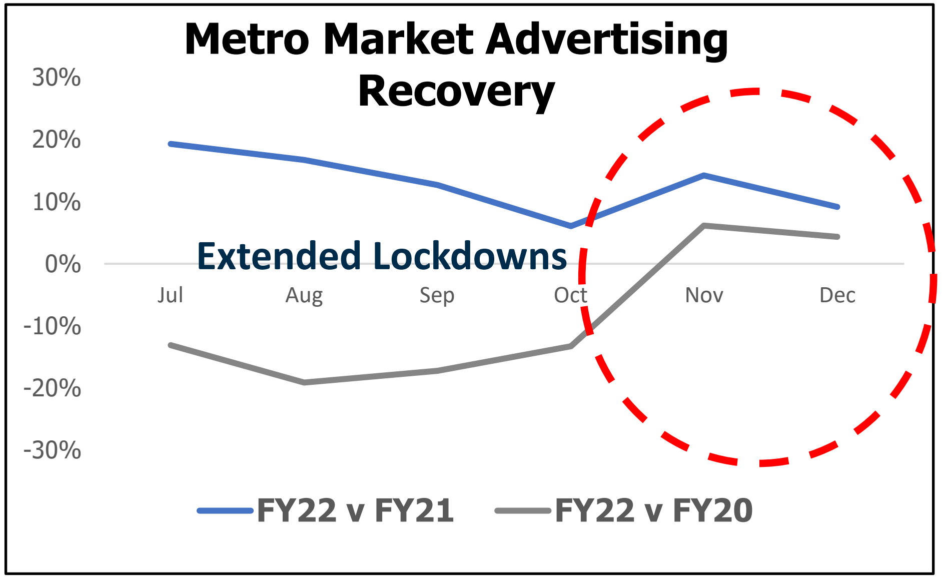
	H1 FY22	H1 FY21	Var.
Metro Radio			
National	68.1	59.4	14.6%
Local	22.6	20.2	11.6%
Total Revenue	**90.6**	**79.6**	**13.8%**
Regional Radio			
National	36.9	35.5	4.0%
Local	45.5	43.1	5.6%
Total Revenue	**82.4**	**78.6**	**4.9%**

- **Metropolitan revenues grew by $11.0m or 13.8%, aided by the strengthening market recovery and an improved commercial revenue share for SCA**
- **Regional radio revenues improved by $3.8m or 4.9% over the prior period, led by stronger local revenues up 5.6% and improving national revenues up 4.0%**
- Both markets were cycling over strong government spending in the prior period, and were equally impacted by the continuing COVID-related uncertainty including disruptions in supply chains and lower than expected hospitality, travel and event advertising

AUDIO – AUDIENCES AND ADVERTISING RECOVERED QUICKLY POST LOCKDOWNS

- End of lockdown in Sydney and Melbourne resulted in immediate lift in audience numbers.
- Advertising market also recovered sharply, with November and December revenue exceeding FY20





Impact of Sydney and Melbourne lockdowns progressively softened demand. Strong demand once lockdowns ended – growth over pre-COVID market

Sources:
Audience – GFK S7 & S8 2021 (Sydney & Melbourne, Hit and Triple M, Average Audiences P10+)
Metro Market Advertising – CRA Monthly data

DIGITAL AUDIO - OVERVIEW

$ millions	H1 FY22	H1 FY21	Var.
Total Revenue	**10.5**	**7.7**	**36.6%**
Revenue Related Expenses	**(1.9)**	**(1.4)**	
Employee Expenses	(7.9)	(4.8)	
Other NRR Expenses	(8.4)	(2.2)	
Total NRR Expenses	**(16.3)**	**(6.9)**	
Total Expenses	**(18.2)**	**(8.4)**	**117.6%**
EBITDA	**(7.7)**	**(0.7)**	

SCA well placed to take advantage of this high growth and expanding audio segment through organic investment

SCA strategically focussed on:

- Commissioning of new content to create increasing depth in our premium content slate
- Developing new digital sales specialists to support an expanding active client base and an increased volume of briefs (average monthly briefs up from 124 clients to 202 clients per month)
- SCA Revenue up 36.6% on the prior year and ahead of a market growing at circa 30%[1]. Rate of growth temporarily slowed by lockdowns - but is expected to accelerate once again over the coming months
- LiSTNR maturing at pace - investment in further innovation and premium content expected to drive stronger sign-ups and habitual listening. Brand and acquisition marketing driving strong trial and take-up following higher levels of consumer awareness

[1] SMI ,1H FY22

TELEVISION - OVERVIEW

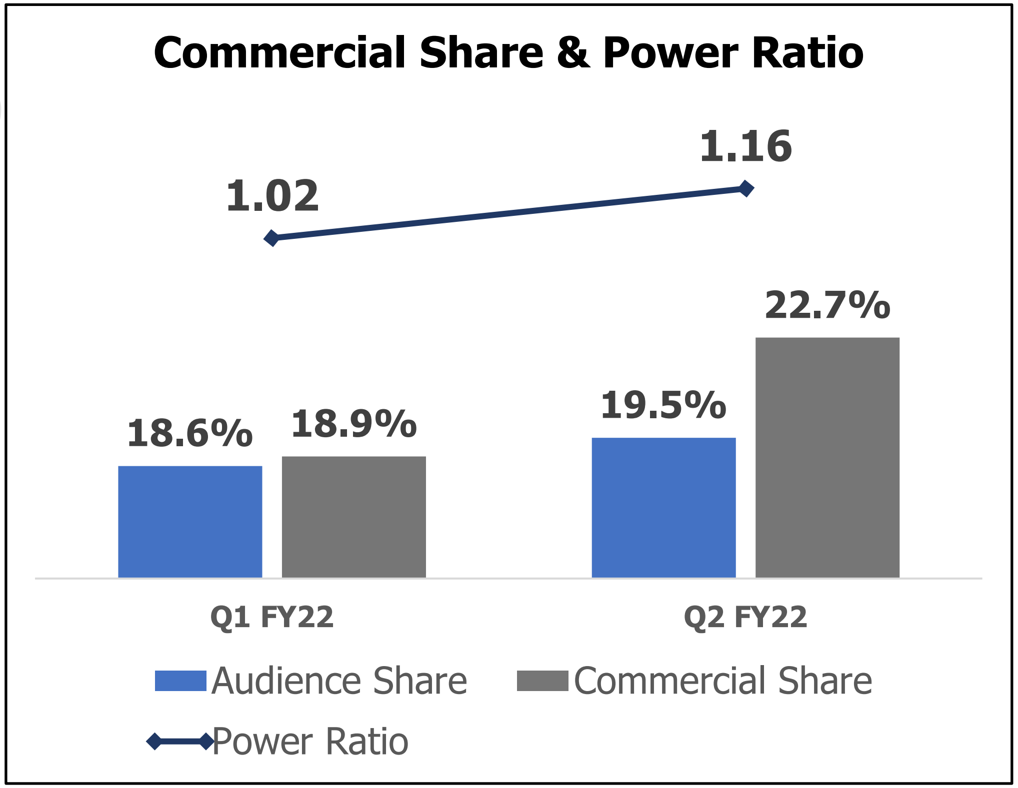
$ millions	H1 FY22	H1 FY21	Var.
Total Revenue	**65.8**	**84.7**	**(22.3%)**
Revenue Related	**(31.0)**	**(49.5)**	**(37.3%)**
Employee Expenses	(8.6)	(10.5)	(17.5%)
Other NRR Expenses	(8.7)	(10.9)	(20.7%)
Total NRR Expenses	**(17.3)**	**(21.4)**	**(19.1%)**
Total Expenses	**(48.4)**	**(70.9)**	**(31.8%)**
EBITDA Exc JK/ PING	**17.5**	**13.7**	**27.3%**
EBITDA Margin	*26.5%*	*16.2%*	
Jobkeeper/ PING Funding	0.8	5.8	**(85.5%)**
EBITDA	***18.3***	***19.5***	**(6.2%)**
EBITDA Margin	*27.8%*	*23.0%*	

EBITDA grew 27.3% to $17.5m over pcp. EBITDA margin expands to 26.5% over same period, each excluding Jobkeeper and PING.

- FY22 reflects a change in affiliation to Network Ten for Queensland, Southern NSW and Victoria
- TV revenues budgeted to be materially lower under a Ten affiliation – offset by 9% growth in the market[1], and SCA securing a significant reduction in total expenses to deliver higher operating margins
- Non-revenue related expenses were 19.1% below the prior period including a reduction in technical expenses
- SkyNews Australia launched across the East Coast markets from 1 August – providing modest additional upside for FY22

[1] KPMG market data: Regional Queensland, SNSW and Regional Victoria, Jul-Dec 2021

TELEVISION – POWER RATIO



- **High quality TV sales and engineering leadership ensured a smooth transition to Ten - and strong monetisation over the six months ended Dec 31 2021**
- Q1 performance was pleasing following seamless sales transition and respecting one off competition of Olympics in period
- Monetisation ratios accelerated sharply in Q2 following growth in audience share and continued sales leadership
- Sales representation agreement executed with WIN Television to cover NNSW and Tasmania from 1 April 2022. This creates further scale and a higher level of simplicity for agency buyers. SCA now offering a simplified national buy across all major regional television markets for Network Ten

Source: KPMG Market Share Report for Regional Queensland, SNSW, Regional Victoria (3Agg only)

THE OPPORTUNITY FOR GROWTH

FIVE KEY INFLUENCES

SCA

THE OPPORTUNITY FOR GROWTH

Radio market recovery to produce more growth

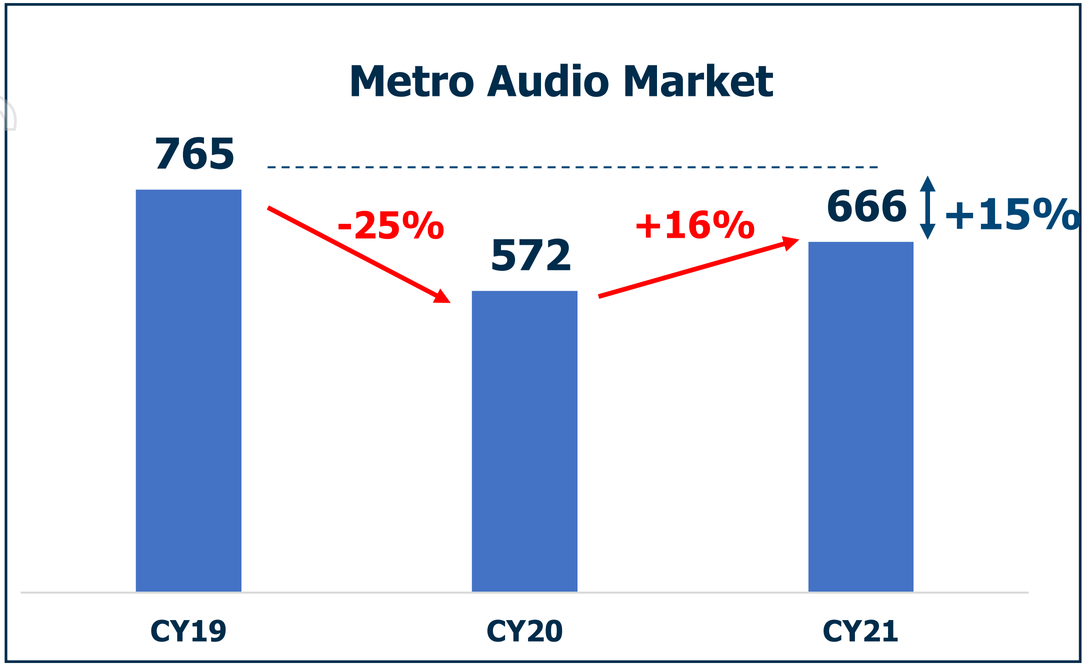
Key revitalised shows maturing

Digital Audio Market accelerating

SCA's LiSTNR to grow strongly

Digital Transformation well advanced

RADIO RECOVERY TO PRODUCE FURTHER GROWTH



- A strength of Radio is its exposure to a large portfolio of SME/Local advertisers along with strong national advertiser ties.
- National advertising categories led by Automotive (-$25m[1]), Home Building(-$15m), Live Entertainment (-$13m), Travel (-$10m) & Retail (-$10m) remain below prior investment levels – but are forecast to improve and normalise over CY22 as health restrictions have been relaxed

"The quantum of auto brand ad spend removed from the market since CY2019 is the most of any category with the total category size still $200 million below 2019 levels" Ms Ractliffe, CEO SMI

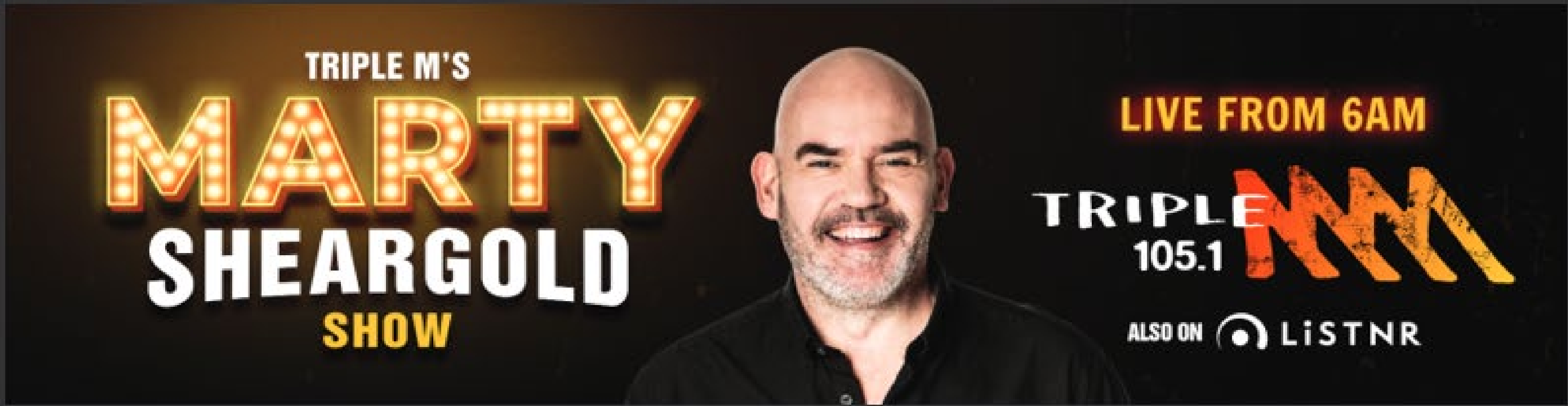
"Momentum is everything in business", which is why it's still "critical" to continue to invest in its brand
Mr Hanley, Toyota, Vice President Sales, Marketing & Franchise Operations

Notes: [1] Represents $ shortfall or growth in CY21 relative to CY19

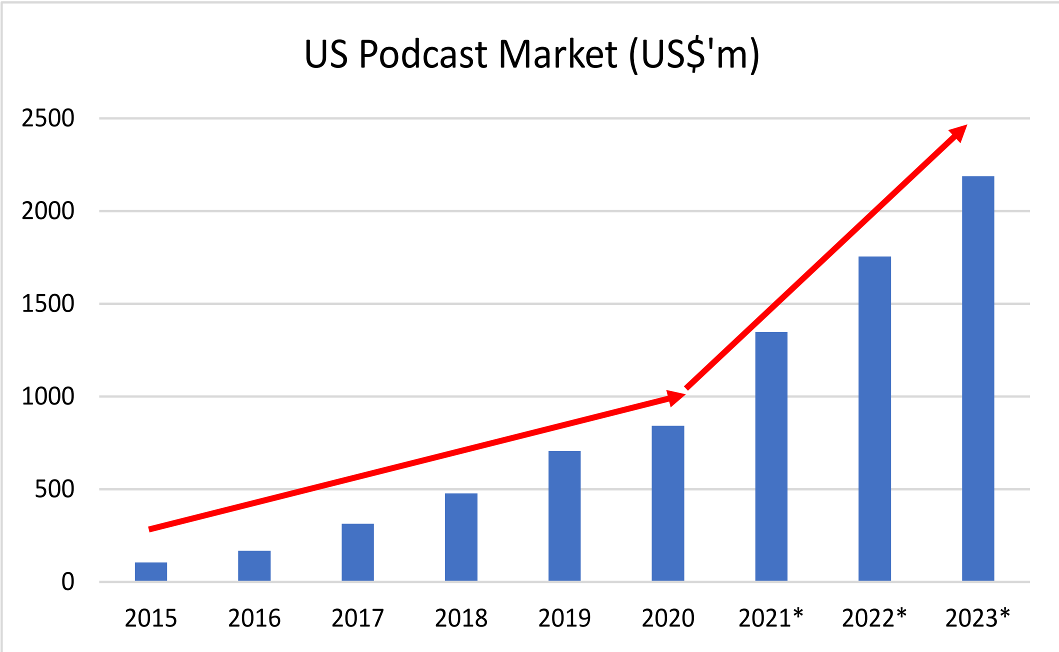
Source: CRA (metro market size); SMI, CRA and SCA internal data (category analysis)

'Auto marketing still vital despite supply sagas', The Australian, 21/2/20022

INVESTING IN MARQUEE SHOWS TO DRIVE ENGAGEMENT & AUDIENCE



DIGITAL AUDIO MARKET – ACCELERATING IN U.S & AUSTRALIA

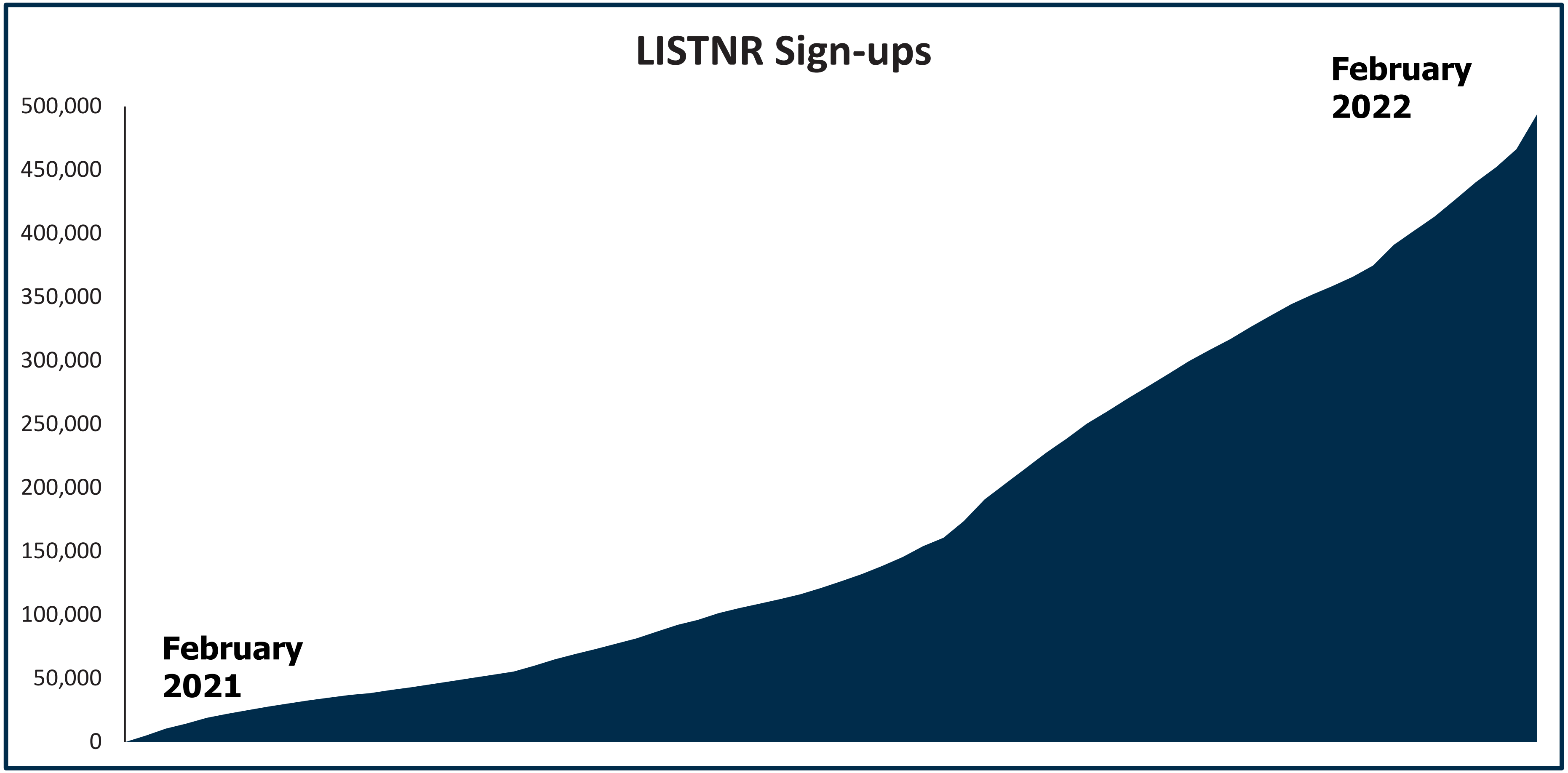


- The U.S Digital audio market continues to grow strongly
- US podcasting market shows market exceeding US$1.0bn in 2021 and is forecast to exceed $2bn by 2023
- Australian digital audio market – comprising live streaming and on-demand audio (podcasting), is also forecast to grow rapidly as consumption increases and the market recognises the increasing value of this important medium

Source: IAB (U.S.); PwC; TheWrap
* = Forecast

LiSTNR - GROWING STRONGLY

LiSTNR achieves 500,000 signed-up users in first 12 months



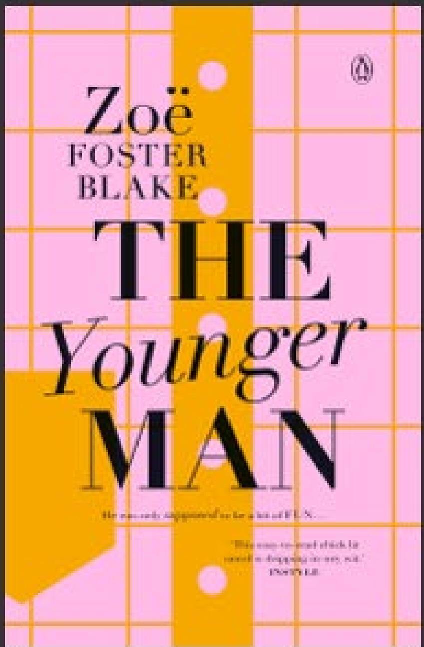
Source: SCA Internal data

LEADING PREMIUM SLATE OF ENGAGING TALENT

AUDIO FORMAT EXTENSIONS & INNOVATION

AUDIO FICTION

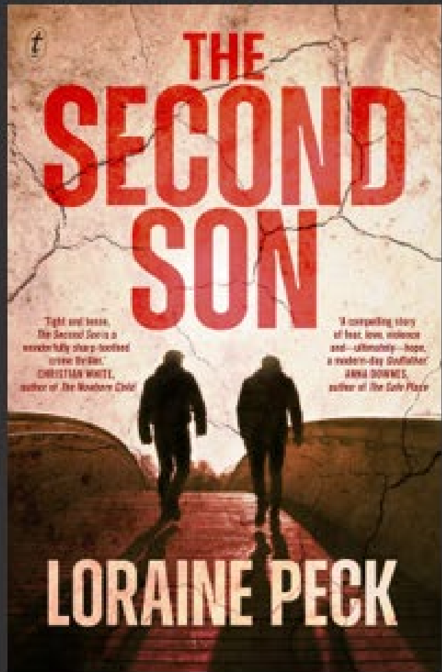
Episodic series



Adaptations from best-selling Australian Authors Launching with ZFB's best selling romantic comedy with more best selling titles to come across various genres.

AUDIO FICTION

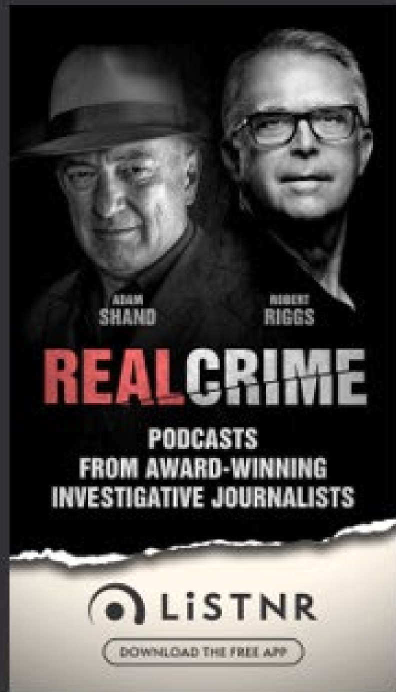
Audio Movies



Winner of the 2021 Best Debut Crime Fiction Ned Kelly Award

REAL CRIME & TRUE CRIME

Factual investigative journalism



Not commentary, but investigation and storytelling.

DIGITAL TRANSFORMATION MATURING

Transformed audio business - best practice processes, systems, deployed locally

Content

A unified brand portfolio that optimises the relationship between local and national strategies and has created simplicity in national buying.

Sales

A best-in-class suite of Sales Systems and Processes with centralised yield management and insights, enabling improved monetisation and consolidated customer view

Technology

Centralised Network Operations servicing all markets through IP based products.
Outsource of capital intensive transmission services to specialist operator

Digital Portfolio

LiSTNR provides a personalised digital destination for all consumers and the combined audio assets of SCA. Leveraging leading edge AI-based technology and audio ad-tech through equity partnerships is accelerating organic development of the product, and coupled with integration to SCA's Customer Data Platform is enabling sophisticated digital solutions for clients

SUMMARY

KEY PRIORITIES & TRADING OUTLOOK

SCA

KEY PRIORITIES – THE YEAR AHEAD

Revenue & Audience

- Revitalised new formats maturing - focus on key markets and formats to optimise ratings, mature existing/new shows – while benefiting from improving mobility trends in key markets
- Advertising markets to grow further - radio will continue to benefit over next 12 months following a return to more normal advertiser investment levels. Regional markets to benefit from higher net migration, supply chain resolution and stronger investment from key categories
- Digital Audio market continues to expand – SCA well placed to take advantage of this growth segment

Operations & Cultural

- Digital Transformation – continue to embed and adopt Digital First workflows and behaviours to enhance our customer experience and create a more effective and efficient operating model
- Maintain a leading position in Digital Audio – further invest organically in growing audiences, new content partnerships, stronger technical capabilities and monetisation of this important growth segment
- LiSTNR – drive higher user sign-ups and habitual listening through exceptional marketing, great content and a digital first publishing strategy

Financial

- Quality of Earnings – continue to drive strong cash conversion allowing for the continued investment in new and emerging income streams, technology product investment and increasing shareholder returns
- Robust balance sheet – maintain a low debt gearing and reduce associated finance costs following the successful refinancing of debt

TRADING UPDATE

Revenue

- Trading momentum strong in November & December. Recovery rate impacted across January & February by Omicron as some advertisers deferred approvals of campaigns due to disrupted supply chains and reduced consumer and business confidence. Pacing stronger than prior year with Q3 audio revenues forecast to grow mid-single digits over pcp
- January audio revenue was +3% and February and March pacing indicates higher growth than prior months as business conditions improve
- Television continuing to perform - revenue expected to deliver a similar result to H1
- Q4 expected to benefit from a further normalising market, improving consumer & business confidence supported by advertising increases for the upcoming Federal Election

Cost guidance

- Non-Revenue Related Costs for FY22 forecast at $300 - $305m (inclusive of a full year investment in SCA's leading digital audio products and services portfolio of $35m)
- Cash interest costs to reduce from $7.9m for full year FY21 to ~$3.5m over the full year FY22. Total financing costs ~$16m compared to $21.8m in FY21
- Capital expenditure forecast to reduce from ~$35m to ~$30m for FY22 following deferral of finance system refresh. Investment focussed on enhanced sales system & digital product investment

SCA