



## ASX RELEASE

22 August 2022

### SCA underlying Net Profit up 38%

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the year ended 30 June 2022. SCA's audio audiences and revenues grew strongly, while television delivered improved margins following SCA's affiliation switch to Network 10. A fully franked dividend of 4.75 cents per share will be paid for the second half of FY22.

The following table summarises the results, including comparisons to the prior year.

	FY2022	Comparison to FY2021	
Revenue	\$519.7M	\$529.2M	(1.8%)
Expenses	(\$434.1M)	(\$403.2M)	7.7%
Underlying expenses	(\$431.8M)	(\$443.7M)	(2.7%)
EBITDA	\$85.6M	\$125.9M	(32.0%)
Underlying EBITDA	\$87.9M	\$85.5M	2.8%
Underlying NPAT	\$27.4M	\$19.8M	38.4%
Net Debt	\$78.5M	\$52.6M	49.4%
Free cash conversion	67.2%	125.7%	-
Dividends (full year)	9.25 cps	5.0 cps	85.0%

Underlying expenses and underlying EBITDA exclude government grants received in FY21 and FY22, impairment charges of \$179.4M (net of tax) and \$4.0M of other significant items in FY22.

#### Results highlights

Headline outcomes for the year are summarised below.

- SCA recorded underlying EBITDA of \$87.9M, up 2.8% on FY21. Underlying NPAT of \$27.4M was up 38.4% on FY21.
- Benefitting from continuing recovery in all audio segments, SCA's audio revenue of \$392.9M was up \$33.1M (9.2%) on the prior year. Broadcast radio revenue grew by 9.4% to \$182.7M in metro markets and by 6.4% to \$168.5M in regional markets, while digital audio revenues grew by 35.2% to \$20.8M. Underlying audio EBITDA of \$86.7M was 1.8% up on the prior year, despite ongoing significant investment in maturing SCA's digital audio ecosystem, LiSTNR.
- LiSTNR crossed over 850,000 signed-in users with on-platform listening in the most recent six months growing 3.7 times to 2.7M average monthly streams from 0.7M average monthly streams in the same period in 2021.
- Following the affiliation transition from Nine to Network 10 in the 3 aggregated markets, SCA's television assets generated underlying EBITDA of \$29.9M, which was neutral compared to FY21. Television's underlying EBITDA margin rose from 17.6% to 23.7%,

reflecting SCA's operational efficiency and market leading sales power ratio of 1.09 in east coast markets.

- SCA's balance sheet continues to be robust, with healthy liquidity. Net debt was \$78.5M on 30 June 2022 and leverage of 0.95x EBITDA is well below the covenant of 3.50x.
- Free cash conversion of 67.2% reduced compared to earlier periods due to capital expenditure for relocation of the Melbourne office and unwinding of COVID-19 related tax and supplier payment deferrals. Free cash conversion is forecast to return to 90-100% in FY23.
- The result includes impairment charges of \$178.6M (net of tax) relating to impairment in the carrying value of radio licences, goodwill, and brands. The impairment reflects current economic uncertainty and an increase in the cost of capital globally. The result also included \$0.8M of charges relating to impairment of investments, restructuring costs and expenses associated with deferring refresh of SCA's finance systems.

### Television strategy

Following completion of a strategic review, SCA has concluded that value will be maximised by continuing to hold its television assets. Supported by SCA's financial adviser, Grant Samuel, the review included engagement with several interested parties. Bids from these parties did not align with SCA's valuation of the television assets.

### Capital management

SCA will pay a fully franked dividend of 4.75 cents per share, representing 85% of NPAT excluding significant items. This is at the top end of SCA's policy to pay dividends of 65% to 85% of NPAT. The dividend will be paid on 4 October 2022.

The Board will resume the current on-market share buy-back after release of these results.

### Management commentary and outlook

SCA CEO and Managing Director, Grant Blackley, said:

"SCA is pleased to report underlying EBITDA of \$87.9M and underlying NPAT of \$27.4M, up 2.8% and 38.4% respectively on the prior year. With a robust balance sheet and strong cashflow, we are continuing to invest for the future while returning funds to shareholders through fully franked dividends and our on-market share buy-back.

"Commercial radio audiences in metro markets reached record levels in recent surveys. The total audience of 12 million recorded in GfK Survey 4 was the highest ever and a 7.6% jump over the prior year. SCA's Hit and Triple M stations have led this rise as audiences return to entertainment and music formats.

"SCA's broadcast radio revenue grew by 8.0% to \$372.1M. This was led by growth in national revenue of 9.7% in metro markets and 8.9% in regional markets. Local advertisers were directly affected by floods and supply chain issues resulting in lower levels of growth in local advertising.

"SCA has completed a five-year program to install digital operating infrastructure across all offices and every asset. This allows SCA to distribute our premium content from any location to audiences

at a time and on a device on their choice. In addition, expansion of our on-demand content is materially adding to audience and advertiser awareness of our radio assets.

“Our investment in a fully owned and operated digital audio ecosystem, LiSTNR, also positions SCA to take a leading share of the rapidly expanding Australian digital audio market. LiSTNR hosts a library of compelling digital audio content including SCA’s 99 live radio stations; 25 music genre stations; 108 original podcasts (including Australia’s favourite *Hamish & Andy* podcast); live AFL, NRL, and international cricket; local news and information around Australia; and domestic and international licensed content from the BBC, ESPN, Schwartz Media, the Royal Institution of Australia, SoundCloud, and other partners.

“We are very comfortable retaining our television assets. SCA’s television assets delivered an EBITDA margin of 23.7% and a market leading revenue-to-audience power ratio. The business is streamlined, efficient and capital light. Television is also a strong marketing platform for the growth of LiSTNR, delivering around \$10M of in-kind marketing support in FY22. The ongoing contribution from television will support future returns to SCA’s shareholders through fully franked dividends and resumption of the current share buy-back.”

Approved for release by the Board.

For further information, please contact:

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**About Southern Cross Austereo**

**About SCA (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 regional radio stations. SCA broadcasts 94 free to air TV signals across regional Australia, reaching 2.8 million people a week, with Network 10 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 also features Sky News Regional in 17 markets across regional Queensland, southern NSW, and Victoria. SCA operates LiSTNR, Australia’s free, personalised digital audio destination for consumers featuring radio, podcasts, music, and news. SCA provides Australian sales representation for global open audio platform SoundCloud and Sonos Radio. SCA’s premium brands are supported by social media, live events and digital platforms that deliver national and local entertainment, news, and sport content. [www.southerncrossaustereo.com.au](http://www.southerncrossaustereo.com.au)