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# FY22 INVESTOR PRESENTATION

22 AUGUST 2022



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# FY22 RESULTS

Grant Blackley

CEO

SCA





# HEADLINE ACHIEVEMENTS

- Radio recovery strong – record audiences with radio EBITDA up 13.9%
- #1 Radio network in Australia for People 25-54<sup>1</sup> (70%+ of all ad briefs)
- TV earnings maintained – EBITDA of \$30m and margin up to 23.7%
- Digital Audio revenue up 35%
- LiSTNR sign up's exceed 850,000
- Back of House digitisation complete – capex to reduce

<sup>1</sup> Source: GFK Metro radio data, Survey 5, 2021 - Survey 4 2022

\$ millions	FY22	FY21	Var.
Revenue	519.7	529.2	(1.8%)
Expenses	(434.1)	(403.2)	7.7%
Underlying Expenses	(431.8)	(443.7)	(2.7%)
<b>EBITDA</b>	85.6	125.9	(32.0%)
<b>Underlying EBITDA</b>	<b>87.9</b>	<b>85.5</b>	<b>2.8%</b>
Underlying NPAT	27.4	19.8	38.4%
Net Debt	78.5	52.6	49.4%
Free Cash Conversion	67.2%	125.7%	
Dividends	9.25	5.0	85.0%



## GROUP RESULTS SUMMARY

- Underlying EBITDA<sup>1</sup> of \$87.9m, 2.8% above prior corresponding period
- Underlying NPAT \$27.4m, up 38.4% on pcp
- Audio Revenues up 9.2% or \$33.1m over pcp
- Underlying expenses<sup>1</sup> reduced by \$11.9m or 2.7%, with lower affiliation fees partially offset by investment in maturing Digital Audio portfolio
- Net debt of \$78.5m and leverage below 1.0x
- Free cash conversion reflects normalisation of working capital and higher capex spend in year – reversion to typical range of 90-100% expected in FY23
- Final dividend declared at a fully-franked 4.75 cents per share - full year dividend of 9.25 cps.

<sup>1</sup> Underlying Expenses and Underlying EBITDA excludes government grants received in FY21 and FY22 and \$4.0m of significant items in FY22

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# FY22 FINANCIAL RESULTS

Nick McKechnie

CFO

**SCA**



\$ millions	FY22	FY21	Var.
Revenue	519.7	529.2	(1.8%)
Expenses	(434.1)	(403.2)	7.7%
<b>EBITDA</b>	85.6	125.9	(32.0%)
<b>Underlying EBITDA</b>	<b>87.9</b>	<b>85.5</b>	<b>2.8%</b>
<i>Underlying EBITDA Margin</i>	16.9%	16.2%	
Depreciation & Amortisation	(31.9)	(32.8)	(2.8%)
Impairments	(251.7)	0.0	
<b>EBIT</b>	<b>(198.0)</b>	<b>93.2</b>	
Net Finance Costs	(16.1)	(21.9)	(26.5%)
<b>PBT</b>	<b>(214.1)</b>	<b>71.3</b>	
Tax	60.3	(23.2)	
<b>NPAT</b>	<b>(153.7)</b>	<b>48.1</b>	
<b>Underlying NPAT<sup>1</sup></b>	<b>27.4</b>	<b>19.8</b>	<b>38.4%</b>



# GROUP REPORTED STATUTORY RESULTS

- Underlying EBITDA up \$2.4m or 2.8%
- Underlying EBITDA margin rises from 16.2% to 16.9% over the pcp
- Tax-effected impairment charge of \$179m to radio licences reflecting increased discount rate and uncertain global outlook
- Net Finance costs 26.5% or \$5.8m below prior period at \$16.1m
- Effective tax rate of 31.5%
- Underlying NPAT up 38.4% at \$27.4m

Underlying EBITDA and Underlying NPAT excludes government grants received in FY21 and FY22 and \$4.0m of significant items in FY22

\$ millions	FY22	FY21	Var.
EBITDA	85.6	125.9	(32.0%)
Significant Items	4.0	0.0	
Jobkeeper/ Ping	(1.7)	(40.5)	
<b>Underlying EBITDA</b>	<b>87.9</b>	<b>85.5</b>	<b>2.8%</b>
<i>Margin</i>	16.9%	16.2%	
Impairment of Intangibles & Investments	(251.7)		
Depreciation & Amortisation	(31.9)	(32.8)	(2.8%)
<b>EBIT</b>	<b>(198.0)</b>	<b>93.2</b>	
Reverse Impairments	251.7		
<b>Underlying EBIT</b>	<b>56.1</b>	<b>52.7</b>	<b>6.4%</b>
Interest	(16.1)	(21.9)	(26.5%)
<b>Underlying PBT</b>	<b>40.0</b>	<b>30.8</b>	<b>29.7%</b>
Tax	60.3	(23.2)	(360.3%)
Tax Impact on Impairment	(72.3)	0.0	
Tax Impact of Significant Items / JK	(0.7)	12.1	
Underlying Tax	(12.6)	(11.1)	14.2%
<b>Underlying NPAT</b>	<b>27.4</b>	<b>19.8</b>	<b>38.4%</b>



# GROUP UNDERLYING RESULTS

- Underlying NPAT up 38.4% to \$27.4m
- Significant items include non-recurring restructuring costs and expenses associated with termination of finance systems refresh
- Cycling over \$40.5m government support received in FY21 compared to \$1.7m PING<sup>1</sup> funding in FY22 (ended August 2021)

<sup>1</sup> Public Interest News Gathering





## CASHFLOW

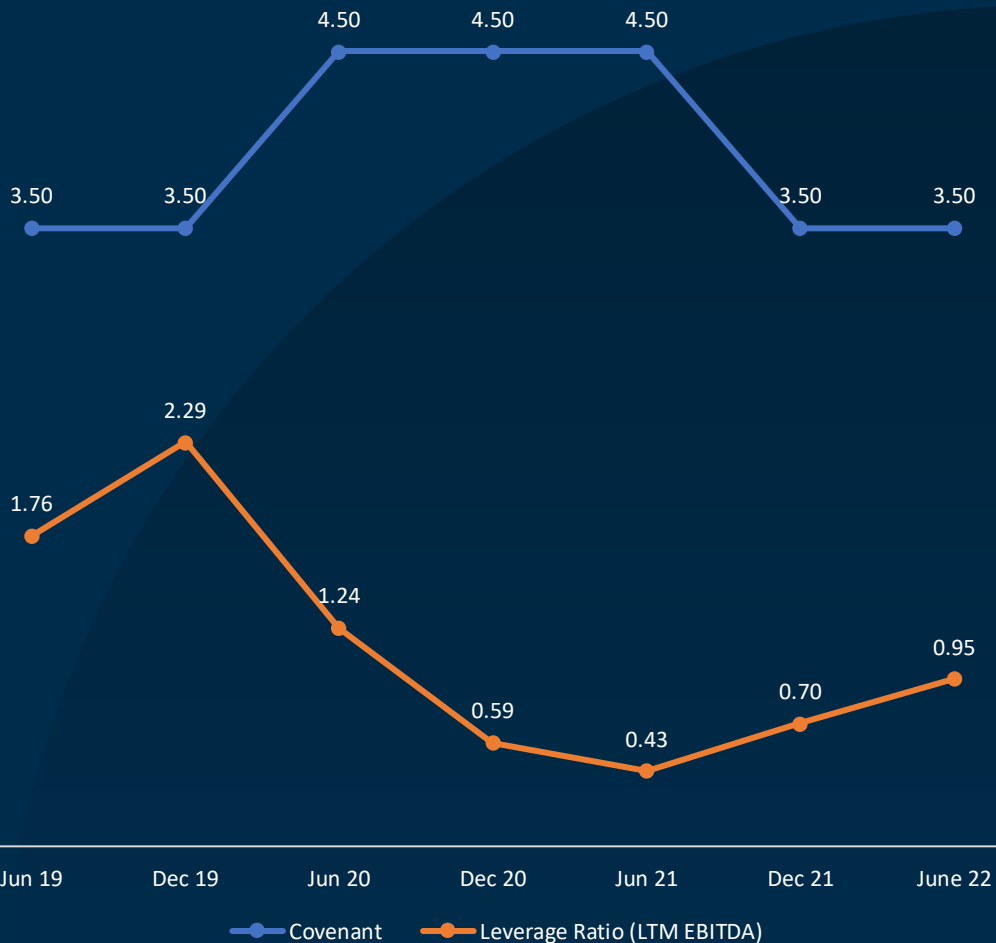
- Consistent cashflow generation with working capital normalised into FY23
- Capex increased in FY22 due to last major property investment - Melbourne office relocation
- Capex expected to reduce from \$30m to ~\$20m in FY23
- 5 Year Digital Infrastructure program creating a national connected footprint of offices and studios is complete. FY23 capex will reflect lower property reinvestment with ~80% of FY23 capex to be invested in innovation and core systems enhancements
- Normalised free cash conversion range of 90-100% expected in FY23 on back of reduced capex and normalised working capital

\$ millions	FY22	FY21
Net Debt Start of Period	(52.6)	(131.6)
<b>Net Cash from Operations</b>	<b>75.5</b>	<b>83.9</b>
Government Grants	0.0	47.4
Leases	(8.0)	(6.2)
<b>Cash from Operations less Leases</b>	<b>67.5</b>	<b>125.1</b>
Tax Payment	(20.8)	(16.0)
Capital Expenditure	(29.9)	(13.9)
Proceeds from sale of Non Core Assets	0.1	2.5
Net Interest	(9.9)	(18.2)
<b>Cash flow pre-dividend &amp; non recurring items</b>	<b>7.0</b>	<b>79.5</b>
Investments	(1.2)	(0.5)
Refinancing Costs	(1.2)	0.0
Dividends to security holders	(25.1)	0.0
Share Buy Back	(5.5)	
<b>Net Debt End of Period</b>	<b>(78.5)</b>	<b>(52.6)</b>
<b>Underlying EBITDA</b>	<b>87.9</b>	<b>85.5</b>
<b>Operating Cash Conversion</b>	<b>85.9%</b>	<b>98.2%</b>
Free Cashflow (Cash from Ops. - Net Capital Exp. & Leases)	37.7	66.3
Underlying EBIT	56.1	52.7
<b>Free Cash conversion</b>	<b>67.2%</b>	<b>125.7%</b>



# STRONG BALANCE SHEET

Leverage Ratio



Leverage ratio calculated under Syndicated Facility Agreement definition

## Secure Financing

- Bank facility refinanced through to January 2026 – providing long tenure coupled with low margins
- Significant headroom under bank leverage covenant

## Capital Management initiatives

- Increased dividend yield with a fully franked 9.25cps full year dividend
- Dividend payout at upper end of range (policy: 65-85% of NPAT)
  - Further recovery in audio markets will lift earnings growth
  - Modest capital requirements - majority of investment in digital audio is through operating expenses, with moderating cost growth in FY23
- On-market share buyback to continue

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# OPERATIONAL REVIEW



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## OPERATIONAL REVIEW

- Underlying Group EBITDA<sup>1</sup> up 2.8% to \$87.9m
- Audio revenues continue to grow and recover, increasing by \$33.1m or 9.2% over pcp
- Underlying expenses<sup>1</sup> down 2.7% or \$11.9m
- Television expenses down 30.8% or \$42.9m, offsetting a 25.3% reduction in revenue following affiliation change. Underlying EBITDA up 0.3% on prior year
- Underlying Audio EBITDA of \$86.7m, inclusive of on-going investment in growing and maturing our world class owned and operated digital audio eco-system LISTNR

\$ millions	FY22	FY21	Var.
Audio Revenue	392.9	359.8	9.2%
Television Revenue	126.2	168.9	(25.3%)
Corporate Revenue	0.7	0.4	n.m
<b>Revenue</b>	<b>519.7</b>	<b>529.2</b>	<b>(1.8%)</b>
Audio Expenses	(306.1)	(274.6)	11.5%
Television Expenses	(96.3)	(139.2)	(30.8%)
Corporate Expenses	(29.3)	(29.9)	(2.0%)
<b>Underlying Expenses</b>	<b>(431.8)</b>	<b>(443.7)</b>	<b>(2.7%)</b>
Audio EBITDA	86.7	85.2	1.8%
Television EBITDA	29.9	29.8	0.3%
Corporate EBITDA	(28.7)	(29.5)	2.7%
<b>Underlying EBITDA</b>	<b>87.9</b>	<b>85.5</b>	<b>2.8%</b>

<sup>1</sup> Underlying Expenses and Underlying EBITDA excludes government grants received in FY21 and FY22 and \$4.0m of significant items in FY22





## OPERATING COSTS

- Non revenue related (NRR) expenses increased 6.7% to \$304.5m driven by investment in a rapidly scaling digital audio business and cycling over COVID related savings in FY21
- Revenue related expenses are 24% compared to 30% of revenue in pcp, primarily due to change in affiliation agreement for east coast TV markets

\$ millions	FY22	FY21	Var
Revenue	519.7	529.2	(1.8%)
Revenue Related Expenses	(127.3)	(158.4)	(19.6%)
<i>Revenue related expenses as % of revenue</i>	24%	30%	-
Underlying Non Revenue Related Expenses	(304.5)	(285.3)	6.7%
Underlying EBITDA	87.9	85.5	2.8%



## BROADCAST AUDIO - OVERVIEW

- Underlying EBITDA of \$104.0m up 13.9%, with underlying EBITDA margin expanding to 28.0%
- Broadcast radio market continues its recovery, with revenue growth of 8% over the prior year
- Expense growth limited to 5.9% with operating efficiencies limiting labour expense growth.
- Workforce evolution continues to drive greater efficiencies and automation – following investment in upgraded systems and processes
- Other non-revenue related expenses up 9.3% primarily due to software licensing increases and an increase in discretionary costs post COVID restrictions

\$ millions	FY22	FY21	Var.
<b>Revenue</b>	<b>372.1</b>	<b>344.4</b>	<b>8.0%</b>
<b>Revenue Related Expenses</b>	<b>(64.2)</b>	<b>(58.3)</b>	<b>10.0%</b>
Employee Expenses	(145.7)	(141.5)	3.0%
Other NRR Expenses	(58.2)	(53.2)	9.3%
<b>Total NRR Expenses</b>	<b>(203.9)</b>	<b>(194.7)</b>	<b>4.7%</b>
<b>Expenses</b>	<b>(268.0)</b>	<b>(253.1)</b>	<b>5.9%</b>
<b>Underlying EBITDA</b>	<b>104.0</b>	<b>91.4</b>	<b>13.9%</b>
<i>Underlying EBITDA Margin</i>	<i>28.0%</i>	<i>26.5%</i>	

Underlying Expenses and Underlying EBITDA excludes government grants received in FY21 and FY22 and \$1.8m of significant items in FY22



## AUDIO – RADIO ADVERTISING REVENUES

	FY22	FY21	Var.
<b>Metro Radio</b>			
National	136.7	124.5	9.7%
Local	46.0	42.5	8.4%
<b>Total Revenue</b>	<b>182.7</b>	<b>167.0</b>	<b>9.4%</b>
<b>Regional Radio</b>			
National	76.7	70.4	8.9%
Local	91.8	88.0	4.3%
<b>Total Revenue</b>	<b>168.5</b>	<b>158.4</b>	<b>6.4%</b>

- Metropolitan revenues grow by 9.4% or \$15.7m, in line with market recovery
- Regional radio revenues grow by 6.4% or \$10.1m over the pcp, led by strong national revenue growth of 8.9%
- Regional local revenues up 4.3% or \$3.8m - lagging national recovery rate - stronger in H2 compared to H1 despite local impacts including east coast floods and supply chain issues

\$ millions	FY22	FY21	Var.
<b>Revenue</b>	<b>20.8</b>	<b>15.4</b>	<b>35.2%</b>
<b>Revenue Related Expenses</b>	<b>(3.6)</b>	<b>(3.0)</b>	
Employee Expenses	(16.9)	(11.0)	
Other NRR Expenses	(17.6)	(7.5)	
<b>Total NRR Expenses</b>	<b>(34.5)</b>	<b>(18.5)</b>	
<b>Expenses</b>	<b>(38.1)</b>	<b>(21.5)</b>	<b>77.0%</b>
<b>EBITDA</b>	<b>(17.3)</b>	<b>(6.1)</b>	



## DIGITAL AUDIO - OVERVIEW

- Digital audio revenues grew 35.2% across the full year to \$20.8m, underpinned by the expansion of SCA’s premium content slate and a stronger digital audio market
- SCA has built its capability and platforms to ensure that it is positioned to serve further growth in digital audio consumption
- SCA's primarily owned and operated content model serving high conversion of billings to revenue
- Cost growth is moderating following material investment in FY21 and H1 FY22 to build greater capability and market leadership with LiSTNR
- Digital Audio revenues forecast to continue to grow at similar rate across FY23, combined with slowing rate of cost growth. Reduction in EBITDA loss is forecast for FY23
- Forecast for EBITDA breakeven by FY25





## TELEVISION – OVERVIEW

- Underlying EBITDA consistent with prior year at \$29.9m
- Underlying margin increased to 23.7% following the change in affiliation to Network 10 for Queensland, Southern NSW and Victoria
- Non-revenue related expenses were 12.6% or \$5.3m below the prior period

\$ millions	FY22	FY21	Var.
<b>Revenue</b>	<b>126.2</b>	<b>168.9</b>	<b>(25.3%)</b>
<b>Revenue Related Expenses</b>	<b>(59.5)</b>	<b>(97.0)</b>	<b>(38.7%)</b>
Employee Expenses	(18.8)	(21.4)	(11.9%)
Other NRR Expenses	(18.0)	(20.8)	(13.4%)
<b>Total NRR Expenses</b>	<b>(36.8)</b>	<b>(42.1)</b>	<b>(12.6%)</b>
<b>Expenses</b>	<b>(96.3)</b>	<b>(139.2)</b>	<b>(30.8%)</b>
<b>Underlying EBITDA</b>	<b>29.9</b>	<b>29.8</b>	<b>0.3%</b>
Underlying EBITDA Margin	23.7%	17.6%	34.3%

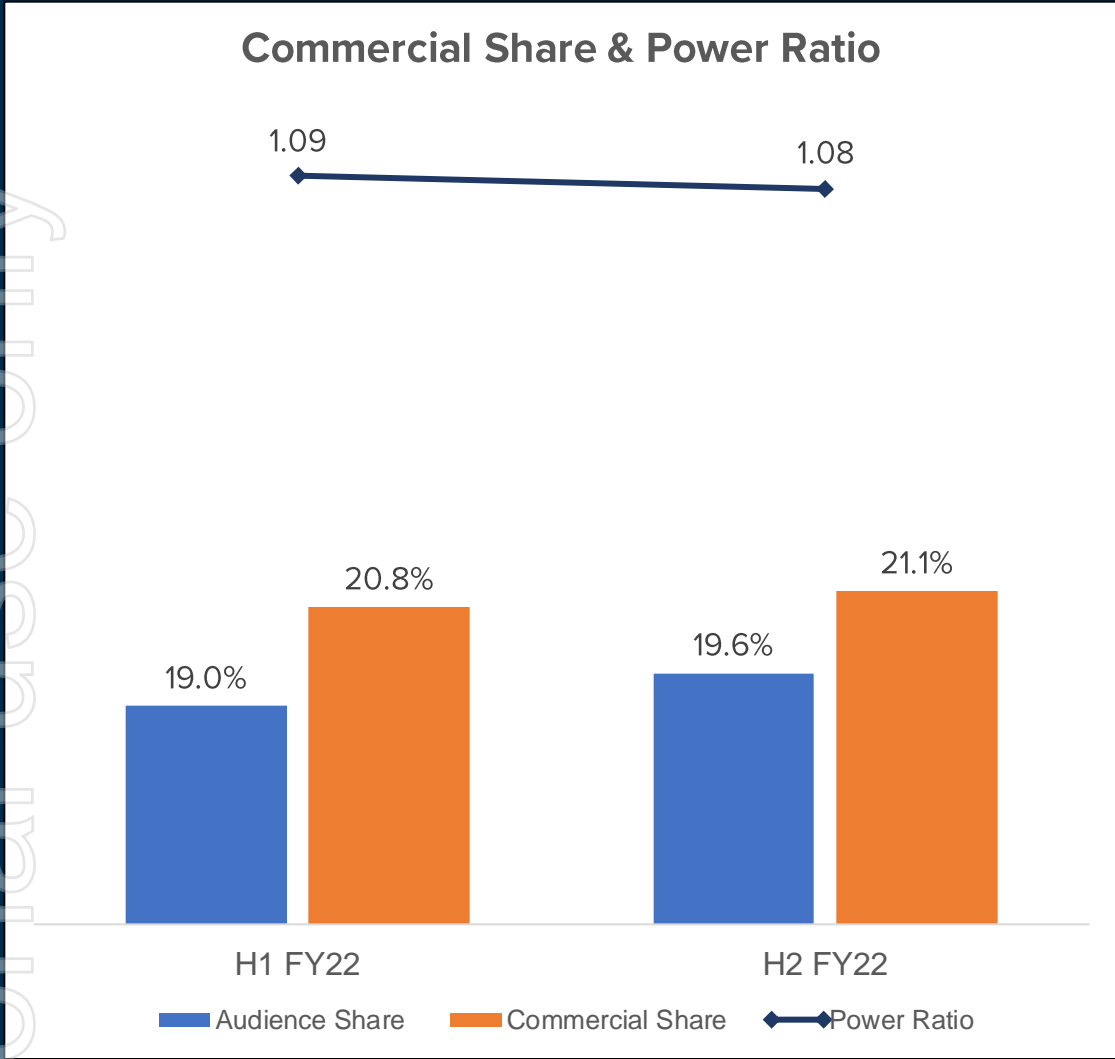
### Television Strategy

- **SCA to retain TV assets following engagement with interested parties. Multiple bids received but not aligned with SCA's valuation**
- Television is a solid contributor to earnings and cashflow. The asset is streamlined, efficient and capex light - following the outsourcing of playout, distribution and transmission services
- Television provides SCA with scale when combined with our Radio and Digital Audio portfolio in the regions. Television also contributed circa \$10m of in-kind marketing support to fuel the growth of LiSTNR

Underlying Expenses and Underlying EBITDA excludes government grants received in FY21 and FY22 and \$0.7m of significant items in FY22



# TELEVISION – POWER RATIO



- Strong monetisation in first year of new affiliation agreement with Network 10
- Power ratio of 1.09 across year1 (respecting the competition of Olympics on Prime in Q1). Result demonstrates the quality of SCA’s TV sales teams
- SCA secured incremental sales representation rights for NSW, Tasmania, Western Australia and Mildura. This has resulted in stronger regional reach and offers a simpler buying process for national advertisers

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

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# THE OUTLOOK FOR FY23

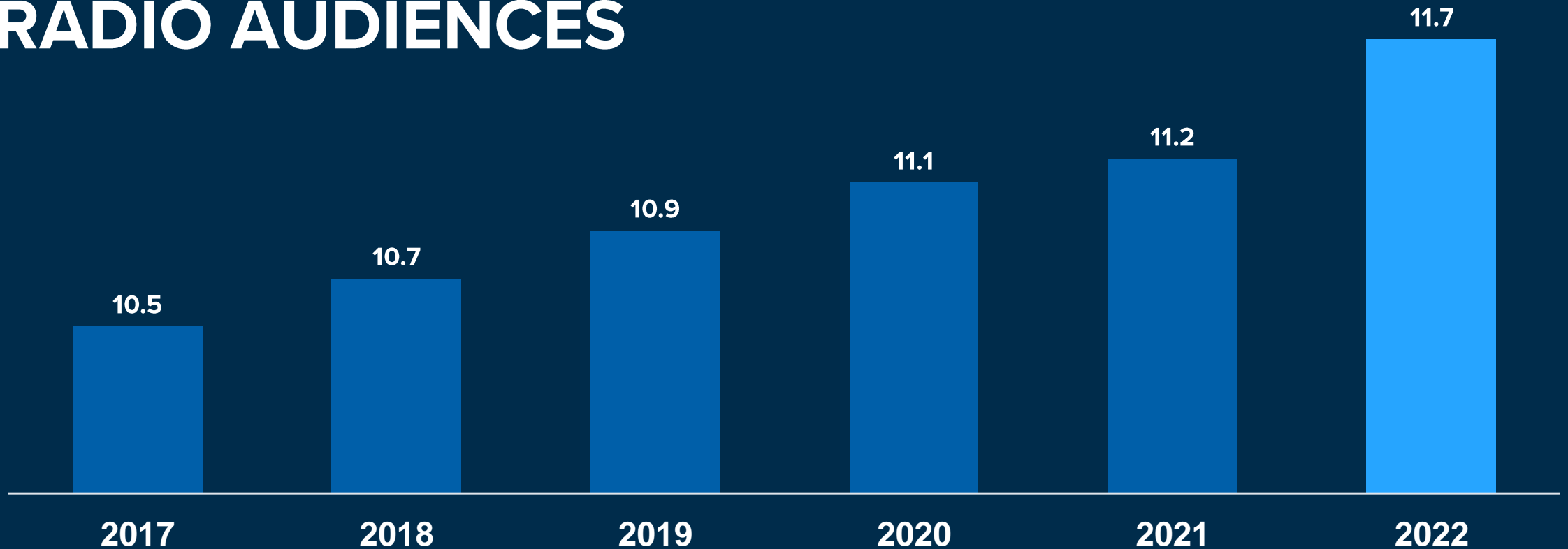


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# RECORD HIGH METRO COMMERCIAL RADIO AUDIENCES



Metro commercial radio's audience has grown over 1.2 million listeners (nearly 12%) in the last 5 years

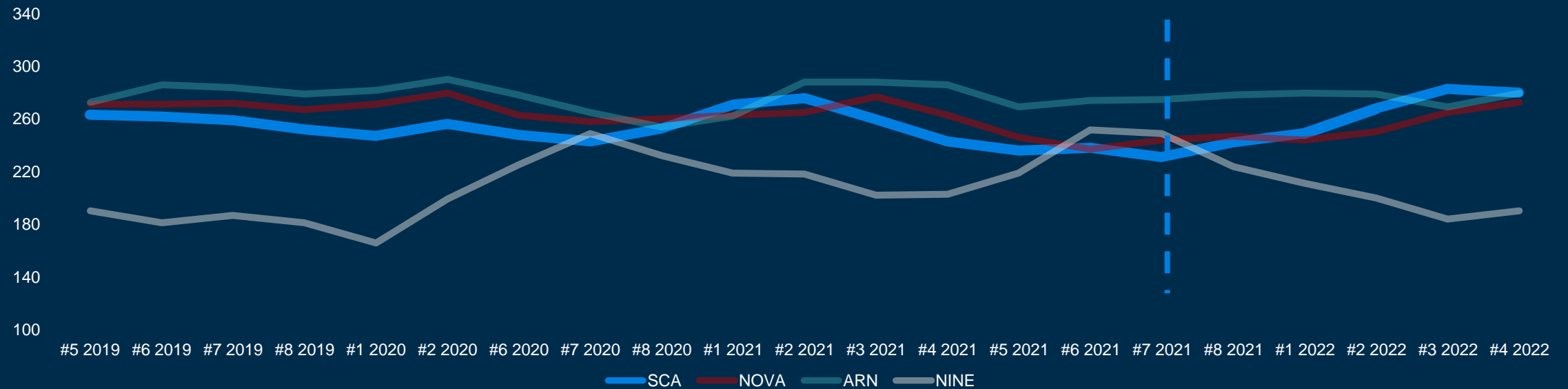


Source : Commercial Radio Australia



# SCA'S METRO RADIO AUDIENCE UP 24% OVER LAST 4 SURVEYS<sup>1</sup>

AVERAGE METRO RADIO AUDIENCE – ALL PEOPLE 10+ CUME<sup>2</sup>



- Radio audiences remain resilient with SCA average audiences above pre-COVID times
- Rapid recovery for SCA stations in 2022, improving competitive positioning

<sup>1</sup> GFK – 5 cap cities, Cume audience All People 10+ (incl DAB), Survey 8, 2021 v Survey 4, 2022

<sup>2</sup> GFK – 5 Cap Cities, share of audience People 10+ (incl DAB). Commercial Radio Australia

# DIGITAL AUDIO

## STRATEGIC RATIONALE – OWN OUR DESTINY

- **Consumers migrating at pace to digitally enabled IP listening** across multiple devices and platforms. In time this will become the dominant mode of audio consumption

- **Strategic imperative to own and operate** our digital audio eco-system (not licence)

- **Localism is our key differentiator** to global tech platforms

- **On-demand content growing the audio market** on top of an already resilient radio platform

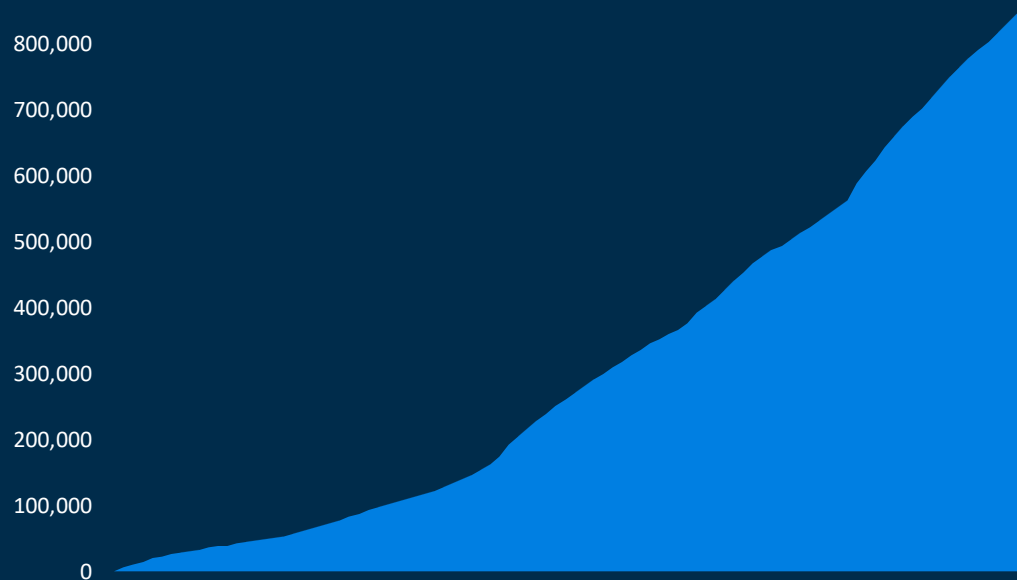
- **Digital Audio First Strategy** – re-thinking the way we program and commission content



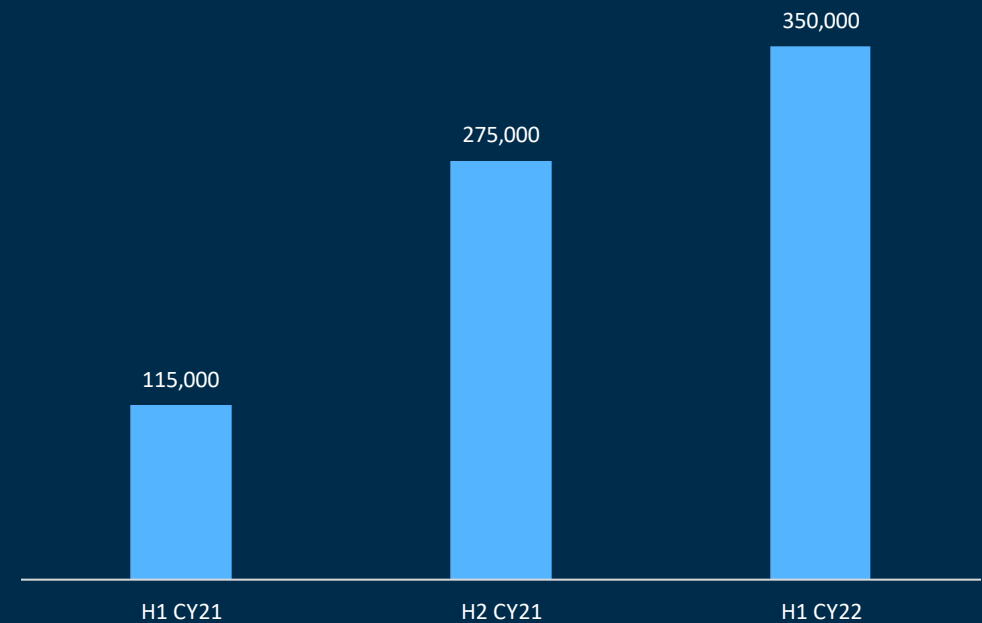
# LiSTNR - FASTEST GROWING AUDIO APP

Signed-in users to LiSTNR exceeds 850,000 – with accelerating profile since launch - awareness growing and product and content enhancements maturing

**LISTNR SIGN-UPS**  
850,000+



**INCREMENTAL LISTNR SIGN-UPS BY HY**  
SINCE LAUNCH



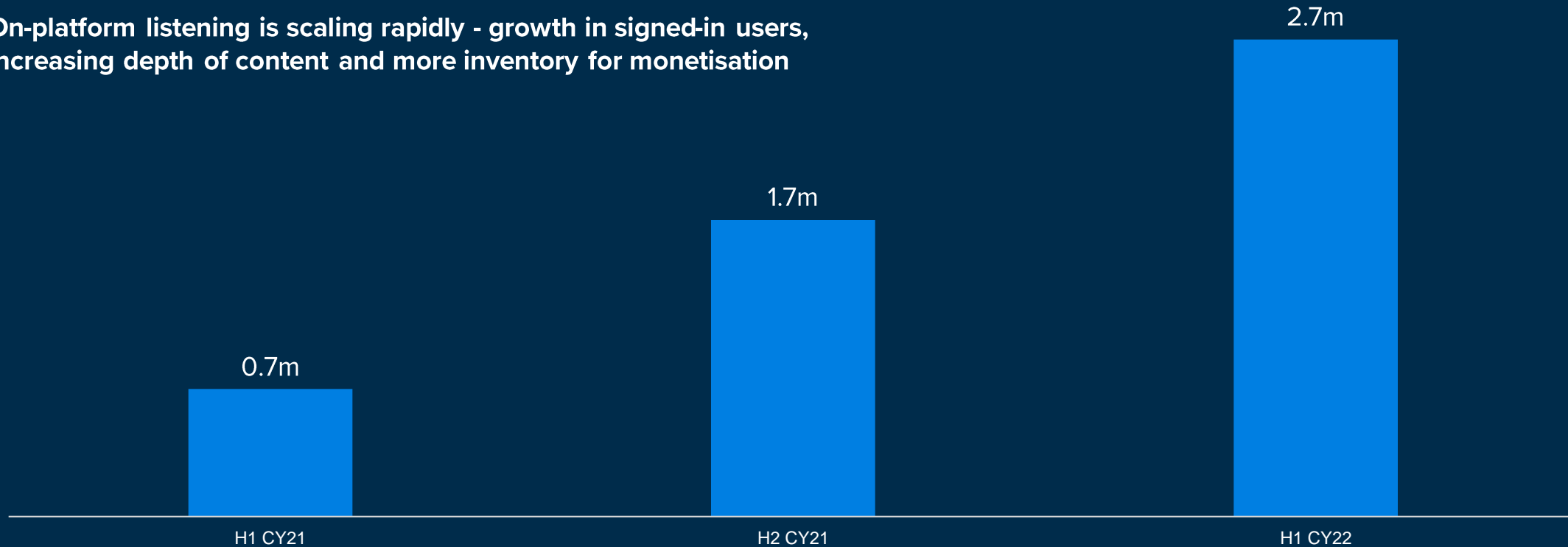
Source : SCA Internal data

# LiSTNR ON-PLATFORM CONSUMPTION RAPIDLY GROWING



## Average Monthly Streams on LiSTNR by HY - 3.7x Growth in Listening

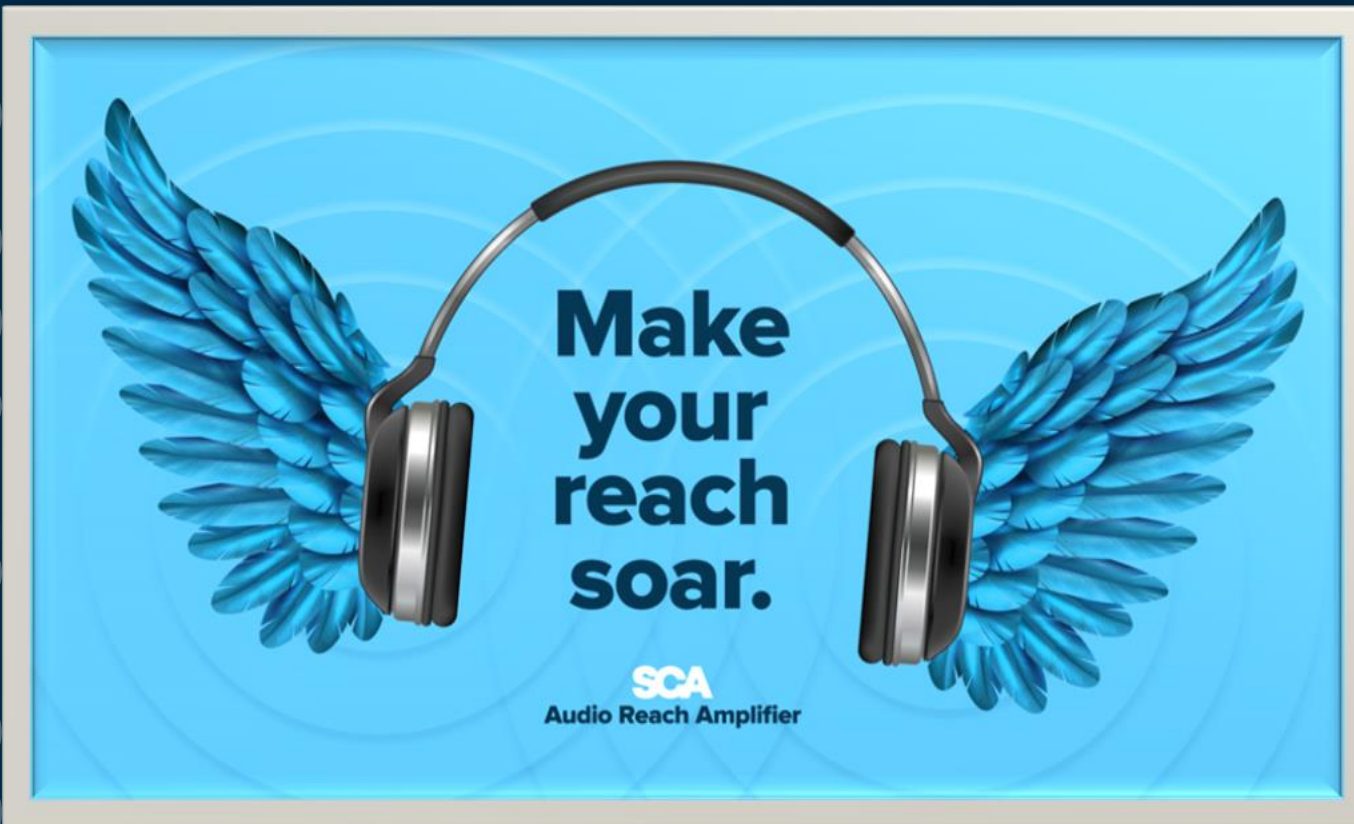
On-platform listening is scaling rapidly - growth in signed-in users, increasing depth of content and more inventory for monetisation



Source: SCA Internal data

# RADIO IS AN INFLATION BUSTER

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- Audio has a unique and meaningful opportunity in a cost conscious market where consumer behaviour is changing
- Radio and Audio On-Demand are both cost effective and efficient
- ‘Reach extender’ – audio provides the cost effective solution to meet reach targets at lower cost through blended media campaigns

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# SUMMARY

KEY PRIORITIES  
& TRADING  
OUTLOOK

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# SCA | KEY PRIORITIES

## REVENUE & AUDIENCE

- Build stronger radio audiences in key markets
- Drive higher revenue from improving radio audiences
- Secure new premium partnerships to supercharge LiSTNR

## OPERATIONAL IMPROVEMENTS

- LiSTNR – accelerate user sign-ups and time spent on platform
- LiSTNR - enhance customer experience with new and innovative content and product enhancements
- Continuously review our cost structures to gain greater efficiencies

## FINANCIAL

- Quality of earnings – deliver strong cash conversion
- Shareholder returns – deliver improved operating performance
- Capital management – fully franked dividends and resume buy back

# TRADING UPDATE

## REVENUE

- Q1 Broadcast radio forecast to be up 5-7% with stronger momentum in metro radio
- Q1 Digital Audio forecast to be up ~30%
- TV market tracking below last year – cycling tougher comps

## COST GUIDANCE

- Non-Revenue Related Cost growth for FY23 forecast to be up 2-4%
- Total financing costs ~\$17m
- Capital expenditure forecast to reduce from ~\$30m to ~\$20m for FY23

## OUTLOOK FOR LISTNR

- LiSTNR – targeting 1.75m signed-in users over next 24 months
- LiSTNR – increase platform engagement with new premium content partners