



ASX RELEASE

17 August 2023

SCA delivers underlying EBITDA of \$77.2M

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the year ended 30 June 2023. SCA will pay a final, fully franked dividend of 2.20 cents per share, taking full year dividends to 6.80 cents per share.

The following table shows comparisons to the prior financial year.

	FY23	Comparison to FY22 ¹	
		FY22	Variance
Revenue	\$505.6M	\$524.9M	(3.7%)
Expenses	\$(428.4M)	\$(436.9M)	2.0%
EBITDA	\$77.2M	\$87.9M	(12.2%)
NPAT	\$21.9M	\$27.4M	(20.1%)
Reported NPAT	\$19.1M	\$(153.7M)	n.m.
Net debt	\$105.0M	\$78.5M	33.8%
Free cash conversion	75.8%	67.2%	860 bps
Full year dividends (cps)	6.80 cps	9.25 cps	(2.45 cps)

The above results exclude non-recurring items such as redundancies, software project write-offs, and one-off projects expenses in both years, and the cost offset impact of the Public Interest News Gathering (PING) Government grant in FY22.

Results overview

Headline observations for the period are outlined below. Unless stated otherwise, comparisons are to FY22.

- SCA's Audio revenue of \$397.2M was flat on the prior year, which was a solid result in challenging market conditions. SCA increased its Metro radio commercial share to 27.2%, and LiSTNR digital audio revenue increased 36.2% to \$21.3M.
- With a monetisable audience of more than 8M monthly listeners, LiSTNR is on target to reach an EBITDA breakeven run rate during the fourth quarter of FY24.
- Regional television revenues contracted 14.5% to \$107.8M, driven principally by a reduction of 20.2% in national revenues.
- Group expenses were 2.0% lower at \$428.4M driven by a reduction of non-revenue related expense of \$3.8m or 1.3% from prudent and targeted cost management initiatives across the business.

¹ Restated to regularise accounting treatment of recoveries grossing up both revenue and cost by \$5.2M.

- The share buy-back during the year resulted in higher net debt at year-end of \$105.0M. The leverage ratio of 1.48 times (FY22: 0.95 times) remains comfortably within covenants. Debt facilities are committed until January 2026.
- Disciplined capex management (net of sales proceeds) resulted in a \$8.5M reduction, down from \$29.8M to \$21.3M, with a further modest reduction forecast in FY24.
- Free cash conversion strengthened in FY23 to 75.8% (FY22:67.2%), benefiting from lower capex and tax payments compared to the prior year.

Capital management

SCA will pay a fully franked final dividend of 2.2 cents per share. At 74.6% of underlying NPAT, full year dividends of 6.80 cents per share are in the centre of SCA's dividend policy of 65% to 85% of underlying NPAT.

SCA also completed its share buy-back program during the year at a total cost of \$26.8M (\$21.3M of which was during FY23).

Management commentary and outlook

SCA CEO, John Kelly, said:

“Since December, broadcast media markets have been challenging and this is continuing into the new financial year. SCA's portfolio of audio assets has outperformed with better than market growth in metro radio and digital audio. We are well-positioned to benefit from expected improvements in advertising markets in the second half of FY24.

“LiSTNR achieved positive milestones during the year, with over 1.5M signed-in users and a monetisable audience network of over 8M monthly listeners, the largest in the Australian Podcast Ranker. This is increasing consideration by media buyers, as demonstrated by growth of 36.2% in digital audio revenues. LiSTNR is on target to reach an EBITDA breakeven run rate during the fourth quarter of FY24 – a year ahead of previous guidance

“Regional television again weighed on our results during the year. We are working constructively with our principal programming partner, Network 10, to enhance our collective offering to national advertisers and sponsors and to generate more reliable returns for our shareholders.

“Our always-on cost disciplines saw group expenses overall reducing by 2% last year with a 1.3% or \$3.8m reduction in non-revenue-related expenses. We have commenced a strategic cost review targeting removal of \$12M to \$15M in annualised costs, with \$5-\$7M of that being in FY24.

“Our capex program reduced by 30% in FY23 and will modestly reduce further in the year ahead. With major office relocations and refurbishments completed, our ongoing capex program focuses on growth and innovation to grow monetisable audiences and increase revenues.”

Approved for release by the Board of directors.

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About Southern Cross Austereo

Southern Cross Austereo (SCA) is one of Australia's leading media companies and the home of LiSTNR, the Hit and Triple M networks and regional television stations, reaching more than 95% of the Australian population. The LiSTNR digital audio app hosts a library of free and compelling digital audio content available anytime, anywhere. It houses SCA's 99 FM, AM, and DAB+ radio stations, including AFL, NRL and international cricket coverage, 27 music genre stations, and over 600 podcasts from leading Australian and global creators, plus local news and information. With more than one million signed-in users, LiSTNR has something to entertain, inform, and inspire all Australians and helps advertisers to connect with highly engaged and addressable audiences. The LiSTNR digital audio sales network reaches an estimated 8 million people each month. SCA owns 99 radio stations across FM, AM, and DAB+ under the Triple M and Hit network brands and provides national sales representation for 56 regional radio stations, with 6.131 million listeners across the Hit and Triple M networks. SCA broadcasts 96 free to air TV signals across regional Australia and represents or has a joint venture with 39 TV stations, reaching 3.6 million people a week. SCA broadcasts Network 10 programs in regional Queensland, southern NSW, and Victoria and provides national advertising sales representation for Network 10 programming in all Australian states and territories. SCA also broadcasts and provides sales representation for Seven Network programming in Tasmania, Darwin, and Remote Central and Eastern Australia and for Seven and Nine Network programming in Spencer Gulf and Broken Hill. SCA also features Sky News Regional in regional Queensland, southern NSW, and Victoria and sales representation in northern NSW, Griffith, and Mount Gambier. SCA provides Australian sales representation for global open audio platform SoundCloud and Sonos Radio. www.southerncrossaustereo.com.au.