

FY23

RESULTS

PRESENTATION

17 AUGUST 2023

SCA



DISCLAIMER

SUMMARY INFORMATION

The material in this presentation has been prepared by Southern Cross Media Group Limited ABN 91 116 024 536 (SCA) and contains summary information about SCA's activities current as at 17 August 2023. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with SCA's other periodic and continuous disclosure announcements which are available at www.southerncrossaudio.com.au

PAST PERFORMANCE

Past performance information in this presentation is for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

FUTURE PERFORMANCE

This presentation contains certain "forward-looking statements". Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and estimates which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Although due care has been used in the preparation of forward-looking statements, actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based.

NOT FINANCIAL PRODUCT ADVICE

Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. Before acting on any information, you should consider the appropriateness of the information having regard to your particular objectives, financial situation and needs, any relevant offer document and in particular, you should seek independent financial advice.

ersonal use only

FY23

OVERVIEW

JOHN KELLY

SCA



RESULTS SUMMARY AND HIGHLIGHTS

- FY23 EBITDA¹ of \$77.2m and NPAT¹ of \$21.9m
- Despite challenging market conditions, SCA has maintained overall Audio revenues, and increased metro radio revenue share by 0.6% to 27.2%², at a 24.7% margin³
- LiSTNR revenue increased 36% and reduced its EBITDA loss for the year by over 30% to \$15m
- Regional TV market challenges accelerated in the second half resulting in a 14.5% drop in revenue for the year
- Active cost control has delivered a 1.3% reduction in non-revenue related expenses
- Capex reduced year on year by 30% to \$19.3m
- A final, fully franked dividend of 2.2 cps bringing the total FY23 dividend to 6.8 cps fully franked – representing a dividend payout of 75% of underlying NPAT



¹ EBITDA is Earnings before interest, tax depreciation and amortisation and excludes significant and other non recurring items. These items are also excluded from the NPAT shown here.

Refer to the appendix for reconciliation to reported earnings (\$73.2m) & NPAT (\$19.1m)

² CRA published Metro Market data July-22 through June-23

³ Margin is EBITDA divided by Revenue; here relating to Broadcast Radio

OPERATIONAL SCORECARD

- SCA has outperformed the market in all audio segments – growing revenue share in digital audio from 8.8% to 12.1%¹, metro radio by 0.6%² and regional radio by 1.1%³.
- SCA posted its highest ever audience for Metro Radio in FY2023 – and remains the #1 Radio network in the P25-54 demographic⁴ men, women and overall across the country
- Despite significant head-winds for regional TV this year, SCA achieved a parity power ratio on its regional network for its major affiliate partner Ten
- LiSTNR achieved a new milestone in H2FY23 with over 1.5m signed up users, and served more than 9m monthly content streams in June
- LiSTNR is Australia's largest podcast network with a monetisable audience of more than 8m monthly listeners⁵



¹ SMI Dataminer, EOM, FY23, Media Type: Digital, Competitive Media Type: Audio

² CRA published Metro Market data July-22 through June-23

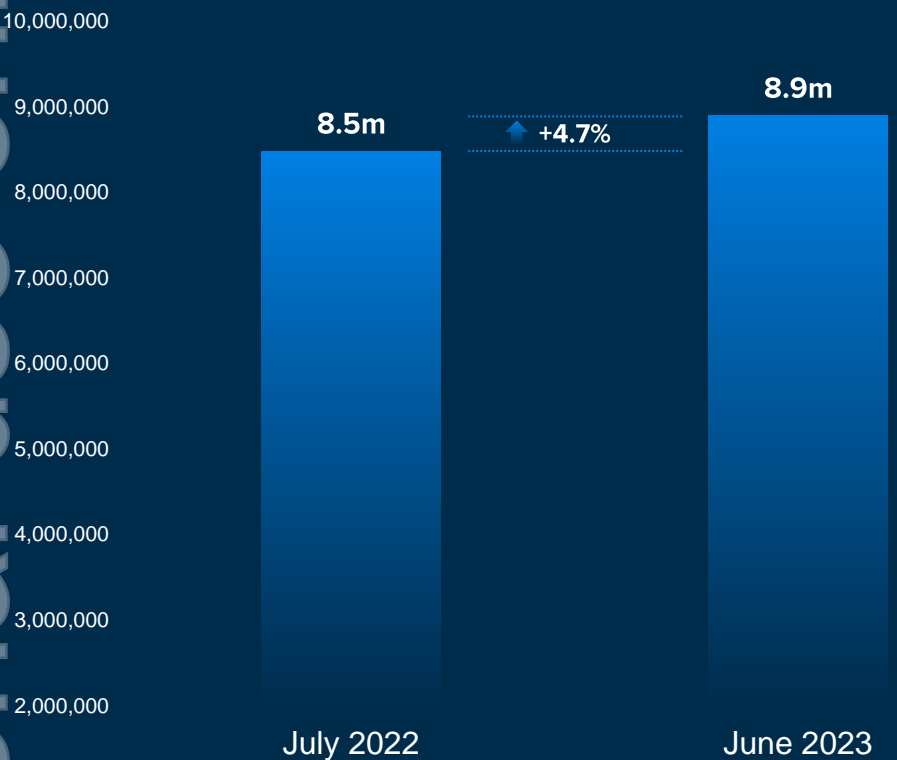
³ SMI Dataminer, EOM, FY23, Media Sub Type: Regional Radio

⁴ GFK Radio Ratings. Survey 5 2023. 5 Cap Cities. P25-54. Mon-Sun 0530-2400

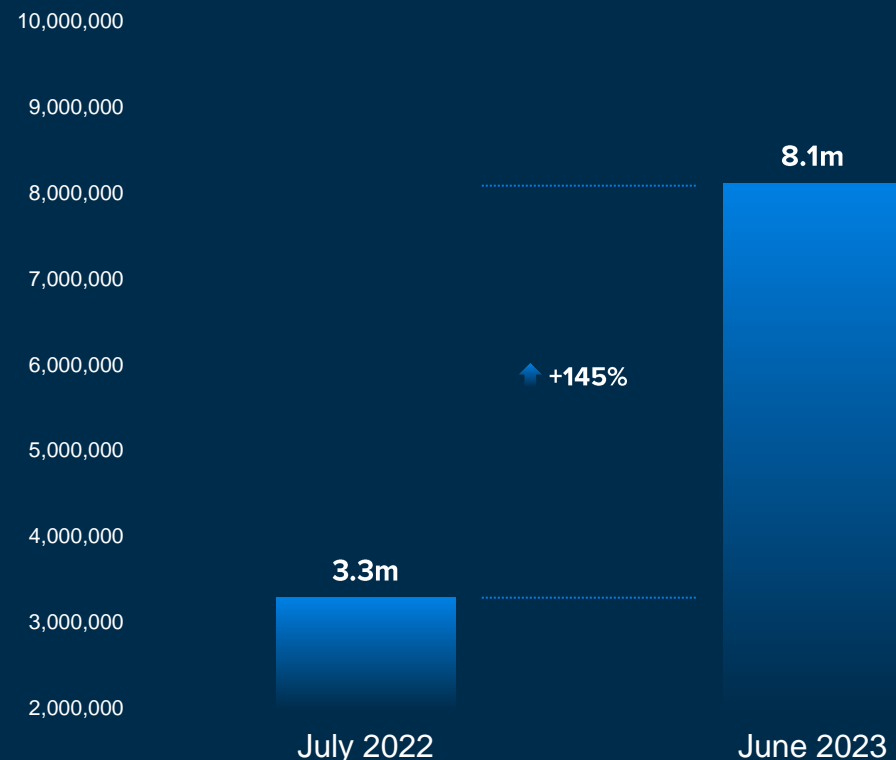
⁵ As independently measured in the Australian Podcast Ranker, Triton June 2023

OPERATIONAL SCORECARD – MONETISABLE AUDIENCE

SCA National Radio Cume Audience¹



LiSTNR Podcast Network Audience²



¹ GFK Radio Ratings. Survey 5 2022 to Survey 4 2023. All People 10+. Mon-Sun 0530-2400
² Triton Australian podcast ranker top sales representatives July 2022 to June 2023 Monthly Listeners

PROGRESS ON STRATEGIC PRIORITIES

- SCA is all about audio
- Audio continues to deliver audience growth and improved revenue share – with digital growing significantly
- GfK Radio360 provides a trusted currency for agencies and advertisers
- LiSTNR is a fully SCA-owned, world class digital audio product – increased personalisation and improved merchandising ability in H2 FY24
- SCA's leading position in the Audio market is being recognised
 - Increasing portion of digital only briefs
 - Largest scale and calibre of podcast publisher representation in Australia
 - Recipient of *Radio Today's* 2023 Podcast platform, Podcast publisher and Podcast company of the year

ersonal use only

FY23

FINANCIAL RESULTS

TIM YOUNG

SCA



\$ millions	FY23 ¹	FY22 ^{1,2}	Var \$	Var %
Revenue	505.6	524.9	(19.3)	(3.7%)
Revenue Related Expenses	(126.1)	(130.8)	4.7	3.6%
Non-Revenue Related Expenses	(302.3)	(306.1)	3.8	1.3%
Total Expenses	(428.4)	(436.9)	8.5	2.0%
EBITDA	77.2	87.9	(10.7)	(12.2%)
Depreciation & Amortisation	(29.2)	(31.9)	2.7	8.5%
EBIT	48.0	56.1	(8.1)	(14.4%)
Net Finance Costs	(16.8)	(16.1)	(0.7)	(4.5%)
PBT	31.2	40.0	(8.8)	(22.0%)
Tax	(9.3)	(12.6)	3.3	26.0%
NPAT	21.9	27.4	(5.5)	(20.1%)



GROUP RESULTS

- Overall Group revenues are down 3.7% on prior year with overall Audio growth of 0.3% offset by TV decline of 14.5%
- Non-Revenue Related expenses reduced by \$3.8m or 1.3% on the prior year
- Depreciation & Amortisation down \$2.7m or 8.5% driven by reduced Capex
- The resultant EBITDA of \$77.2m is 12.2% below FY22¹
- NPAT of \$21.9m which is \$5.5m or 20.1% below FY22¹

¹ Excludes significant and other non recurring items. See appendix for details and reconciliation to reported NPAT.

² Restated. See appendix for details.



BROADCAST RADIO

- Overall radio revenue declined by \$4.5M or 1.2%
 - Metro Radio advertising revenues grew 0.6% or \$1.1m in a flat market, lifting SCA's revenue share of the market to 27.2%
 - Regional Radio advertising revenues declined 4.6% or \$7.8m largely due to the decline in Government spending
- Despite inflationary pressures total expense growth was kept to 2.6%
- EBITDA of \$92.2m down \$11.6m or 11.2%, at a margin of 24.7%

\$ millions	FY23 ¹	FY22 ^{1, 2}	Var \$	Var %
Revenue	372.8	377.3	(4.5)	(1.2%)
Revenue Related Expenses	(68.4)	(67.5)	(0.9)	(1.4%)
Non-Revenue Related Expenses	(212.1)	(205.9)	(6.2)	(3.0%)
Total Expenses	(280.5)	(273.5)	(7.0)	(2.6%)
EBITDA	92.2	103.8	(11.6)	(11.2%)
EBITDA Margin	24.7%	27.5%		

¹ Excludes significant and other non recurring items. See appendix for details.

² Restated. See appendix for details.

Source: CRA market data July2022 – June 2023



DIGITAL AUDIO - LiSTNR

\$ millions	FY23	FY22	Var \$	Var %
Digital Audio Revenue	21.3	15.6	5.7	36.2%
Revenue Related Expenses	(6.3)	(3.8)	(2.5)	(66.1%)
Non-Revenue Related Expenses	(30.2)	(34.0)	3.8	11.1%
Total Expenses	(36.6)	(37.8)	1.2	3.3%
Digital Audio EBITDA	(15.2)	(22.2)	7.0	31.3%
Other Digital Revenue	3.3	5.1	(1.8)	(35.5%)

- LiSTNR revenue has increased by 36.2% to \$21.3m
- Total expenses fell by 3.3% despite an increased spend on employee expenses to capture monetisable audience
- Investments in martech and analytics crystalising as 11.1% reduction in non revenue-related expenses for promotions, marketing & content development
- LiSTNR EBITDA loss narrowed to \$15.2m for the year – a reduction of 31.3% - improving path to cashflow breakeven



TELEVISION

- Overall revenues contracted 14.5%, with National revenues the main driver contracting 20.2% and Local revenues 8.6% due to:
 - A duplicated national sales process in comparison to more unified competitor processes; and
 - Comparatively softer ratings performance by Ten in H2
- Overall expenses down \$7.2m or 7.5%, with Non Revenue related expenses up 2.3% in a highly inflationary environment
- EBITDA reduced by \$11.1m or 37% to \$18.7m
- EBITDA Margin fell from 23.6% in FY22 to 17.3% in FY23

\$ millions	FY23 ¹	FY22 ¹	Var \$	Var %
Revenue	107.8	126.2	(18.4)	(14.5%)
Revenue Related Expenses	(51.4)	(59.5)	8.1	13.7%
Non-Revenue Related Expenses	(37.8)	(36.9)	(0.9)	(2.3%)
Total Expenses	(89.2)	(96.4)	7.2	7.5%
EBITDA	18.7	29.8	(11.1)	(37.2%)
EBITDA Margin	17.3%	23.6%		

¹Excludes significant and other non recurring items. See appendix for details.

\$ millions	FY23 ¹	FY22 ^{1, 2}	Var \$	Var %
Revenue	505.6	524.9	(19.3)	(3.7%)
Revenue Related Expenses	(126.1)	(130.8)	4.7	3.6%
% of revenue	24.9%	24.9%	-	-
Employee Expenses	(199.1)	(195.5)	(3.6)	(1.9%)
Other Non-Revenue Related Expenses	(103.1)	(110.6)	7.5	6.8%
Non-Revenue Related Expenses	(302.3)	(306.1)	3.8	1.3%
EBITDA	77.2	87.9	(10.7)	(12.2%)



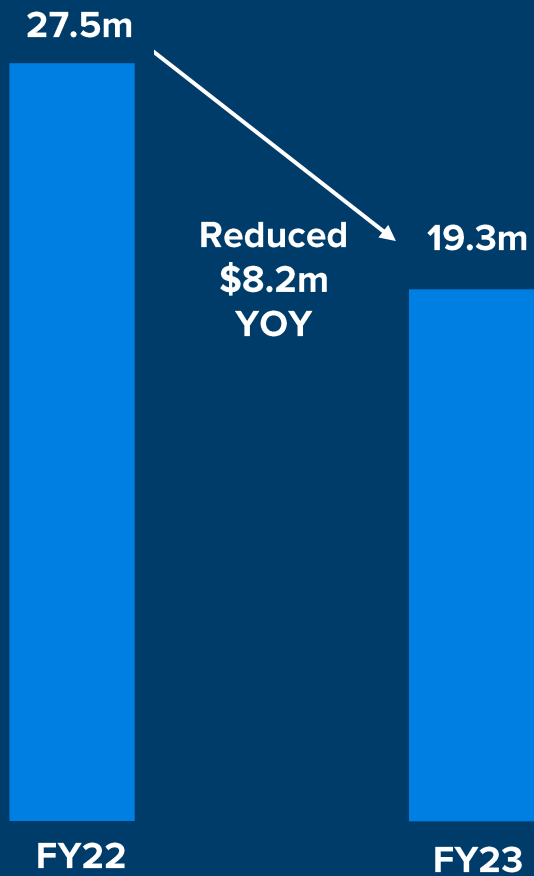
OPERATING COSTS

- Revenue related expenses as a proportion of revenue remain unchanged at 24.9%
- Active vacancy and productivity management meant employee expenses grew by less than half the rate of inflation for FY23
- Non-Revenue Related Costs reduced by \$3.8m or 1.3% vs FY22 and thus significantly bettered prior guidance of increases of 0-2%

¹ Excludes significant and other non recurring items. See appendix for details.

² Restated. See appendix for details.

TOTAL CAPITAL EXPENDITURE FY22 & FY23
\$ millions



CAPEX REDUCED AND FOCUSED ON INNOVATION

- SCA has reduced CAPEX by 30% or \$8.2m YOY to \$19.3m (below previous guidance of \$20m)
- Reflects lower maintenance burden of contemporary systems and conclusion of the refurbishment and relocation efforts
- Over 80% of CAPEX has been directed into innovation to increase monetizable audience.

\$ millions	FY23	FY22	Var \$
Net Debt Start of Period	(78.5)	(52.6)	(25.9)
Net Cash from Operations	64.2	75.5	(11.3)
Principal lease payments	(6.5)	(8.0)	1.5
Capex net of sales proceeds	(21.3)	(29.8)	8.5
Free cash flow	36.4	37.7	(1.3)
Net Financing Costs	(10.6)	(11.1)	0.5
Tax Payments	(7.4)	(20.8)	13.4
Cash flow available for investment and to shareholders	18.3	5.8	11.3
Investments	(0.2)	(1.2)	1.0
Dividends to security holders	(23.3)	(25.1)	1.8
Share Buy Back	(21.3)	(5.5)	(15.8)
Movement in net debt	(26.5)	(26.0)	(0.5)
Net Debt End of Period	(105.0)	(78.5)	(26.5)
EBITDA¹	77.2	87.9	(10.7)
Operating Cash Conversion	83.2%	85.9%	
EBIT¹	48.0	56.1	(8.1)
Free Cash Conversion	75.8%	67.2%	



CASHFLOW & FINANCING

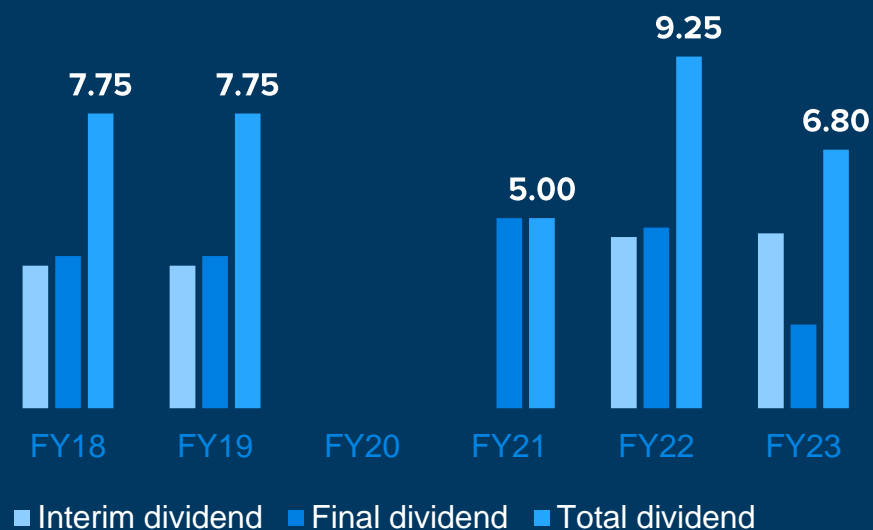
- Free Cashflow has remained broadly stable despite net cash from Operations falling 15%
- Lower net capex of \$21.3m a result of from \$5.1m lower capex and \$3.4m additional sales of non-core assets than in FY22
- Tax payments reduced as a consequence of lower profits and refund from prior year
- Operating Cash conversion remaining relatively stable at 83.2% (down from 85.9% in FY22)
- Strong Free Cash Conversion of 75.8%, up from 67.2%
- Higher net debt of \$105.0m largely reflects the \$21.3m impact of the share buyback program in FY23
- Leverage ratio @1.48 times (vs 0.95 June 30, 2022)² remains comfortably within tolerances

¹ Excludes significant and other non recurring items. See appendix for details.
² Under Banking Covenant definitions

FY23 DIVIDEND



Ordinary Dividends (cps)



Key dates for final dividend:

- Ex-dividend date: 1 September 2023
- Record date: 4 September 2023
- Payment date: 4 October 2023

FY23 Final Dividend

2.2cps
Fully Franked

FY23 Total Dividend

6.80cps
Fully Franked

- Lower final dividend reflects difficult trading conditions in H2 FY23 that have lowered total dividend by 27% from FY22
- Payout Ratio 74.6% of underlying NPAT which is the centre of the target payout ratio of 65 – 85%

ersonal use only

FY24 APPROACH & TRADING OUTLOOK

SCA



BUILDING SHAREHOLDER VALUE IN FY24



REVENUE

- Continuing to build revenue share across our Broadcast Audio assets
- Building greater collaboration and synergy on national Television sales with Ten
- Growing our Digital Audio revenues at least in line with FY23 levels

COST & CAPEX

- Ensuring “Always On” cost disciplines are maintained throughout the business to underpin the gains made in FY23
- Continuing to reduce Capital expenditure
- Constructing and implementing a Strategic Cost Review to remove \$12m-\$15m in annualised costs – with \$5m-\$7m realised in FY24

LiSTNR

- Targeting 2.0m signed-in users and the delivery of 10m monthly streams
- Reaching an EBITDA break-even run rate for LiSTNR in Q4 FY24 – a year earlier than previous guidance

TRADING OUTLOOK



- Short, inconsistent trading conditions expected to continue through H1FY24
- Revenue markets in H2FY24 expected to improve with more favourable market conditions
- Digital Audio revenue currently pacing at over 30% in line with FY23

ersonal use only

Q&A

SCA



ersonal use only

SCA

ersonal use only

APPENDIX

SCA





GROUP REPORTED TO UNDERLYING RESULTS RECONCILIATION

\$ millions	FY23 Reported	FY23 Significant Items	FY23 Underlying	FY22 Reported	FY22 Significant Items + PING Grant ¹	FY22 Underlying
EBITDA	73.2	4.0	77.2	85.6	2.3	87.9
Depreciation & Amortisation	(29.2)	-	(29.2)	(31.8)	-	(31.8)
Impairments	-	-	-	(251.7)	251.7	-
EBIT	44.0	4.0	48.0	(197.9)	254.0	56.1
Net interest	(16.8)	-	(16.8)	(16.1)	-	(16.1)
PBT	27.2	4.0	31.2	(214.0)	254.0	40.0
Tax	(8.1)	(1.2)	(9.3)	60.3	(72.9)	(12.6)
NPAT	19.1	2.8	21.9	(153.7)	181.1	27.4

- Significant items include Restructuring Costs & Other Non Recurring Items such as redundancies, software project write offs and other one-off project related expenditures



ANALYSIS OF SIGNIFICANT AND OTHER NON-RECURRING ITEMS

- The significant and other non-recurring items in the adjacent table have been excluded throughout this presentation unless otherwise noted
- The Public Interest News Gathering (PING) Grant was a Federal Government grant to assist the commercial TV and radio businesses in regional Australia during the Covid 19 pandemic up until August 2021.
- Significant Items include restructuring costs & other non recurring items such as redundancies, software project write offs and other one-off project-related expenditures
- Impairment of radio licences, goodwill and brands, and audio investments are shown for FY22

	Audio		Television		Corporate		Total	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
PING Grant	-	(0.9)	-	(0.8)	-	-	-	(1.7)
Significant Items	2.0	1.8	-	0.7	1.9	1.6	4.0	4.0
EBITDA impact	2.0	0.9	-	(0.1)	1.9	1.6	4.0	2.3
Impairments	-	251.7	-	-	-	-	-	251.7
PBT impact	2.0	252.6	-	(0.1)	1.9	1.6	4.0	254.0