



ASX RELEASE

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SCA takes momentum into FY25 and renews process for sale of regional television

Southern Cross Media Group Limited (ASX: SXL) (SCA) announces its financial results for the year ended 30 June 2024.

- FY24 revenue was \$499.4 million, down 1% on FY23, while underlying EBITDA of \$66.2 million was down by 14% on FY23.
- Performance improved in H2 FY24 with revenue up 1.1% and underlying EBITDA up 6.0% on the prior corresponding period. This improvement was driven by SCA's continuing dominance of the lucrative 25-54 audiences in metro and regional radio markets, improving share of metro advertising revenue markets, strong growth in digital audio revenues, and cost discipline.
- LiSTNR achieved underlying EBITDA profitability in the fourth quarter of FY24 as previously forecast. Digital revenue reached \$35.0 million, up 42% on FY23. Digital revenue in H2 FY24 was up 57% on H2 FY23. Since FY19, SCA has grown its digital revenue at a compound annual growth rate of 34%.
- Non-revenue-related expenses of \$308.4 million (excluding significant and other non-recurring items) came in below guidance of \$310 million.
- Capex of \$15.8 million was in line with guidance. This capex has delivered improvements to LiSTNR's advertising capabilities that are now being monetised. Capex is forecast to reduce to ~\$10 million in FY25.
- SCA recognised an impairment charge of \$326.1 million (\$228.3 million after tax) against the value of broadcast licences in the Broadcast Radio cash generating unit.
- SCA has determined not to pay a final dividend for FY24.
- Year-end leverage of 1.87 times EBITDA remains well within banking covenants.
- SCA has re-commenced a strategic review of its non-core regional television assets and is in active negotiations with several parties with an interest in acquiring those assets.

Results overview

The following table summarises SCA's results for the six months ended 31 December 2023 including comparisons to the prior comparable period¹.

	FY24	Comparison to FY23	
		FY23	Variance
Revenue	\$499.4M	\$504.3M	(1.0%)
Expenses (underlying)	\$433.2M	\$427.1M	(1.4%)
EBITDA	\$55.5M	73.3M	(24.3%)
Underlying EBITDA	\$66.2M	\$77.2M	(14.3%)
NPAT	(\$224.6)	\$19.1M	n.m.
Underlying NPAT	\$11.2M	\$21.9M	(49.2%)
Digital EBITDA	(\$10.9M)	(\$17.6M)	38.0%
Net debt on 30 June 2024	\$107.5M	\$105.0M	(\$2.5M)
Free cash conversion	86.0%	82.5%	n.m.
Full year dividends (cps)	1.0	6.80	(5.80)

Outlook

- Audio revenues for Q1 FY25 are pacing ahead of Q1 FY24, although the market remains short.
- SCA's reset of its operating model will deliver FY25 non-revenue-related costs below FY24 (\$308.4 million).
- Digital Audio momentum is continuing, and LiSTNR is expected to be cashflow positive in FY25.
- Following completion of SCA's digital transformation investment cycle, capex in FY25 is forecast to reduce to ~\$10 million.
- Improved cash conversion will deliver leverage below 1.5 times on 30 June 2025.
- SCA will actively progress the sale of its TV assets in the coming months.
- The Board expects dividends to resume within policy but towards the lower end of the target payout range (65% to 85% of underlying NPAT).

Management commentary

SCA CEO, John Kelly, said:

"SCA maintained dominant audience shares in our core metro and regional radio and digital audio markets during FY24. Despite challenging advertising market conditions, our improved financial performance in the second half has provided strong momentum into the new financial year. Our national leadership in the core buying demographics for men and women aged 25-54 provides our sales teams with a strong platform for continued growth into FY25.

¹ Amounts stated to be "underlying" exclude the \$326.1 million (\$228.3 million after tax) non-cash impairment of Broadcast Radio Cash Generating Unit (CGU) in FY24, and other significant items in both periods relating to restructuring, corporate activity and non-recurring items.

“In the fast-growing digital audio sector, LiSTNR has reached over two million signed-in and addressable users, with around one million of these interacting with LiSTNR monthly. This is testament not only to the range of engaging content on LiSTNR but also to the excellent and personalised user experience delivered by LiSTNR.

“The LiSTNR AdTech Hub is driving premium commercial returns for our advertisers and driving growing interest. The LiSTNR AdTech Hub enhances our advertisers’ ability to connect with relevant audiences on LiSTNR and other digital audio distribution platforms.

“With the LiSTNR AdTech Hub and centralisation of SCA’s audio operations largely complete, our capex program is continuing to slow. Capex will be around \$10 million in FY25.

“The SCA team has worked diligently to constrain costs against the backdrop of inflationary pressures. In FY24 we kept non-revenue-related costs to \$308.4 million (excluding non-recurring items), below our guidance of \$310 million, and we are activating further meaningful and permanent cost reductions for FY25. Coupled with reduced capex, this ongoing cost control will deliver improved cash conversion in FY25 and beyond.

“We have re-commenced a strategic review of our non-core regional television assets and are in active negotiations with several parties with an interest in acquiring those assets. The sale of our regional television assets will enable us to focus on optimising our leading radio and digital audio assets, led by LiSTNR, HIT and Triple M.”

Board succession

As part of the Board’s planned succession, Helen Nash has advised the Board that she will retire as a director on 30 September 2024. The Board has appointed Marina Go to join SCA as an independent non-executive director on 1 October 2024. Marina has agreed to chair the Board’s People & Culture Committee and will also be a member of the Board’s Audit & Risk Committee. She will submit for election by shareholders at SCA’s AGM on 25 November 2024.

With a background in media, Marina Go has worked in executive and non-executive roles across a range of listed and private companies across a diverse range of sectors. Marina is currently a non-executive director on the boards of Transurban Group, Energy Australia, Adore Beauty, Autosports Group and The Australian Institute of Company Directors.

SCA Chair, Heith Mackay-Cruise said:

“Helen Nash has brought an immensely valuable mix of commercial and strategic operational acumen during her nine years on the SCA Board. Our directors and SCA’s senior executives have also valued Helen’s knowledge and leadership in supporting people and culture initiatives as previous Chair of our People & Culture Committee.

“I am delighted to welcome Marina Go to our Board. Her appointment follows an extensive search led by an external search consultant. After meeting with several outstanding candidates, we agreed that Marina has the ideal experience, skills, and personal attributes for SCA’s needs.”

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 800 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.