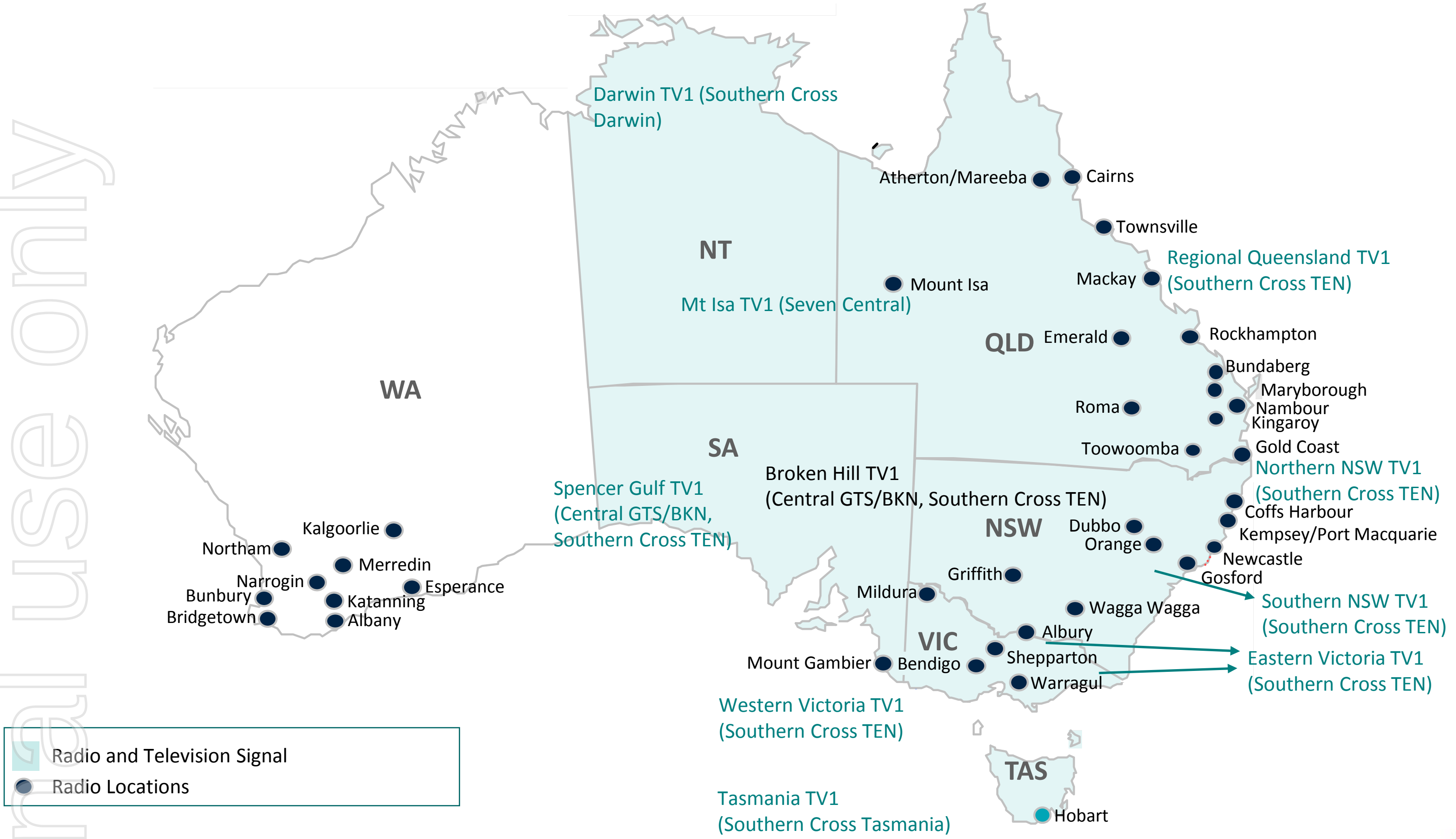
2011 First Half Year Results

SOUTHERN CROSS MEDIA GROUP

A presentation by Rhys Holleran, CEO and Steve Kelly, CFO

australia's largest media group



reaching 7.9 million people

96% of regional australia

Southern Cross

Television

- 33 TV stations across 30 regional markets

Radio

- 68 commercial radio stations in 37 licence areas

Online

- 100+ regional radio websites from one central address

Integrated Media

Headline Achievements

- Further improvement in operating margins
- Revenue up 5.9%
- EBITDA Growth +10.9%
- Good Cost Management
- Underlying NPAT up 29.2% *(reported NPAT up 36.6%)*
- Interim dividend of 7.0 cps fully franked
- Takeover Offer for AEO Launched

Steve Kelly, CFO

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Financial Performance

Revenue (reported)	$218.7m	↑	5.0%
Revenue (underlying)	$224.4m	↑	5.9%
EBITDA (underlying)	$70.3m	↑	10.9%
NPAT (underlying / *reported*)	$33.6m	↑	29.2% / *36.6%*
EPS (underlying)	8.3 cps	↑	69%
Net Debt to EBITDA *(annualised)*	1.8 : 1	↓	10%

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Underlying Performance (Continuing Operations)

$ millions	First Half FY11			First Half FY10		
	Reported	**JV Adjustments**	**Underlying**	**Reported**	**Adjustments**	**Underlying**
Revenue	218.7	5.7	224.4	208.3	3.6	211.9
Expenses	(150.2)	(3.9)	(154.1)	(148.7)	0.2	(148.5)
Equity accounted profit	1.1	(1.1)	-	1.1	(1.1)	-
EBITDA	**69.6**	**0.7**	**70.3**	**60.7**	**2.7**	**63.4**
Depreciation & Amort.	(10.0)	(0.1)	(10.1)	(11.1)	-	(11.1)
Net Interest Expense	(15.4)		(15.4)	(35.9)		(35.9)
	44.2	**0.6**	**44.8**	**13.7**		**16.4**
Financial Derivatives	3.4		3.4	18.7		18.7
Reported PBT	**47.6**	**0.6**	**48.2**	**32.4**		**35.1**
Tax	(14.0)	(0.6)	(14.6)	(7.8)	(1.3)	(9.1)
NPAT	**33.6**	**-**	**33.6**	**24.6**	**1.4**	**26.0**

Reconciliation of Results

Comparative Earnings Analysis

Underlying (Continuing Operations)

$ millions	H1 11	H1 10		
Revenue	224.4	211.9	↑	5.9%
Expenses	(154.1)	(148.5)	↑	3.8%
EBITDA	**70.3**	**63.4**	↑	10.9%
Depreciation & Amort.	(10.1)	(11.1)		
Net Interest Expense	(15.4)	(35.9)		
	44.8	**16.4**	↑	173%
Financial Derivatives	3.4	18.7		
Underlying PBT	**48.2**	**35.1**		
Tax	(14.6)	(9.1)		
Underlying NPAT	**33.6**	**26.0**	↑	29.2%
EPS	**8.9 cps**	**9.8cps**	↓	9.2%

EBITDA Comparison by Half
(Underlying Cont. Ops)

$ millions	H1 11		H1 10 adjusted		Comparison on pcp
Revenue					
TV	**143.1**	63.8%	136.0	64.2%	↑ 5.2%
Radio	**81.3**	36.2%	75.9	35.8%	↑ 7.1%
Total Revenue	**224.4**	100%	211.9	100%	↑ 5.9%
Expenses					
Broadcast & Production	**59.7**	26.6%	56.4	26.6%	↑ 5.9%
Employee	**48.0**	21.5%	46.0	21.7%	↑ 4.3%
Selling General & Admin	**42.5**	18.9%	39.6	18.7%	↑ 7.3%
Corporate	**3.9**	1.7%	6.5	3.1%	↓ 40.0%
Total Expenses	**154.1**	69.7%	148.5	70.1%	↑ 3.8%
EBITDA	**70.3**		**63.4**		↑ 10.9%
Margin	*31.3%*		*29.9%*		

Margin Expansion

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Half Year Cash Flow

	$ millions
Opening Cash	*38.1*
Cash From Operations	56.0
Capital expenditure	(8.8)
Distributions to Security Holders	(23.5)
Interest & Derivative payments	(14.8)
Closing Cash	**47.0**
EBITDA (Reported)	69.6
Conversion	**80%**

1st half cash conversion is consistent with prior first halves which are traditionally lower due to annual regulatory payments in Q2. CY10 cash conversion was 104%.

Strong Conversion

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Balance Sheet

$ millions	Dec 2010	June 2010
Cash	**47.0**	**38.1**
Receivables	88.1	84.8
Property Plant & Equipment	147.1	147.9
Investments (equity accounted)	29.8	29.6
Deferred Tax Assets	22.2	30.6
Intangibles	1,064.5	1,064.8
Total Assets	**1,398.7**	**1,395.8**
Borrowings	**289.6**	**287.8**
Payables & Provisions	66.6	75.6
Total Liabilities	356.2	363.4
Shareholders Equity	1,042.5	1,032.4
Net Debt	**242.6**	**249.7**
NTA per share	($0.06)	($0.10)

Capacity

Debt Facilities

$ millions	**Dec 2010**	**June 2010**
Current and Non-Current		
Bank facilities	300.0	300.0
Deferred borrowing costs	(11.0)	(12.8)
Lease liabilities	0.6	0.6
	289.6	**287.8**
Bank facilities		
Facilities available	375.0	375.0
Facilities utilised	(300.0)	(300.0)
Unused facilities	75.0	75.0
Ratios (annualised)		
Interest Cover	5.5 x	2.3 x
Gross Debt / EBITDA	**2.1 x**	**2.3 x**
Net Debt / EBITDA	**1.8 x**	**2.0 x**

Deleveraged business

EPS Analysis

cents per share	Dec 10	Dec 09
Operations	8.3	4.9
Derivative impact	0.6	4.9
Continuing Ops (underlying)	**8.9**	**9.8**
Net restructuring cost impact		(0.6)
From discontinued operations	-	(64.8)
Reported	**8.9**	**(55.6)**
Weighted average # of shares	*378.8 m*	*266.3m**
Actual closing # of securities	*378.8 m*	*378.8 m*

** Impacted by rights issue*

Increased EPS

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Rhys Holleran, CEO

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Trading Highlights

- TV up 4.0%, despite challenging ratings
- Radio up 5.7%
- Local market still in recovery mode and steady
- Expenses managed well, margins improving

H1 11	Radio		Metro Radio	TV		Regional TV
	% split of revenues	% change vs pcp	% change vs pcp	% split of revenues	% change vs pcp	% change vs pcp
Local Advertising	64.7%	2.7%	7.7%	38.6%	5.1%	6.5%
National Advertising	22.7%	15.0%	9.1%	54.2%	3.3%	12.3%
Total Advertising	87.3%	5.7%	8.6%	92.7%	4.0%	10.0%
Other*	12.7%	31.3%		7.3%	17.9%	
Total Revenue	**100.00%**	**7.1%**		**100.00%**	**5.2%**	

* Other income includes share of revenue from joint ventures (income from TDT and DDT joint ventures not recorded in the comparative results)

Advertising Revenues

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Revenue Trends

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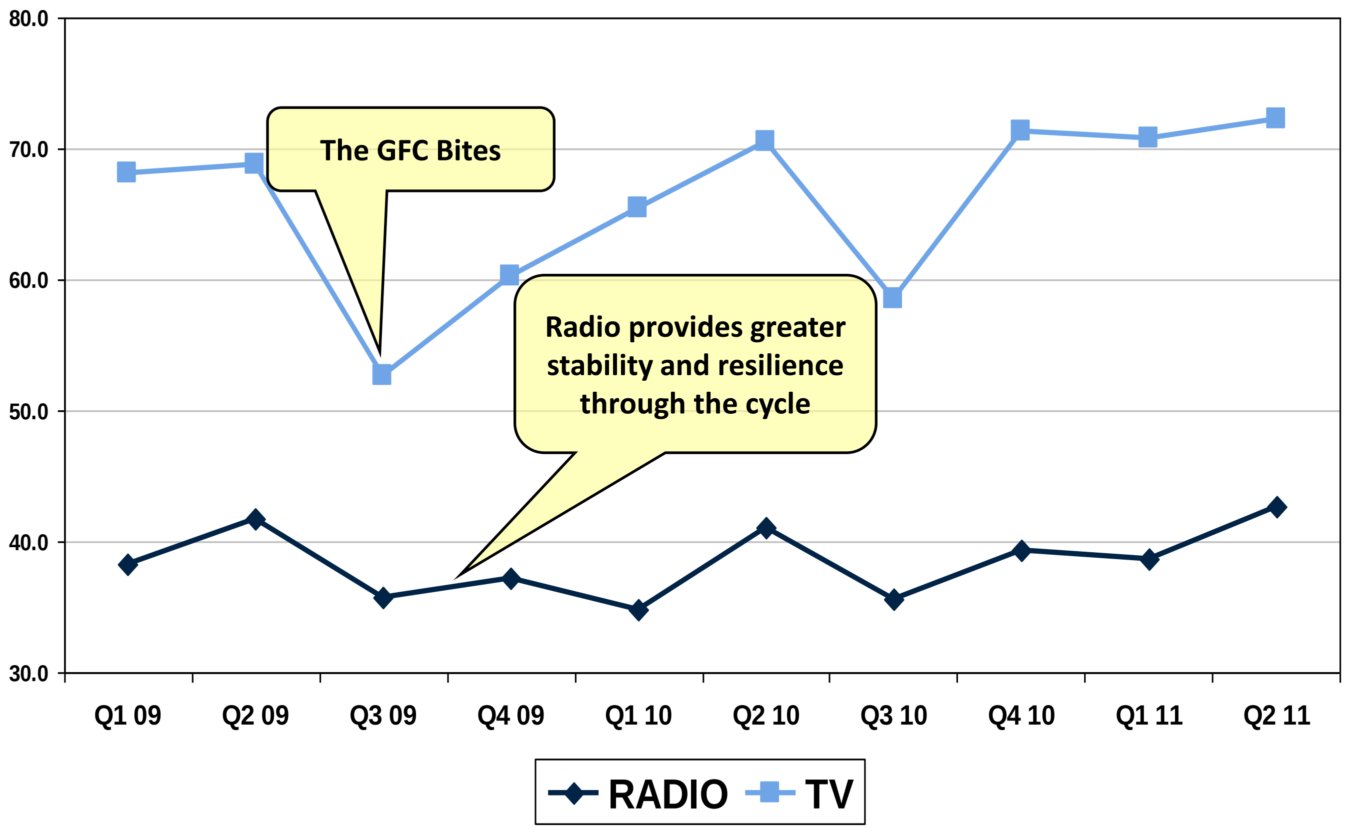

Revenue Comparative Trend

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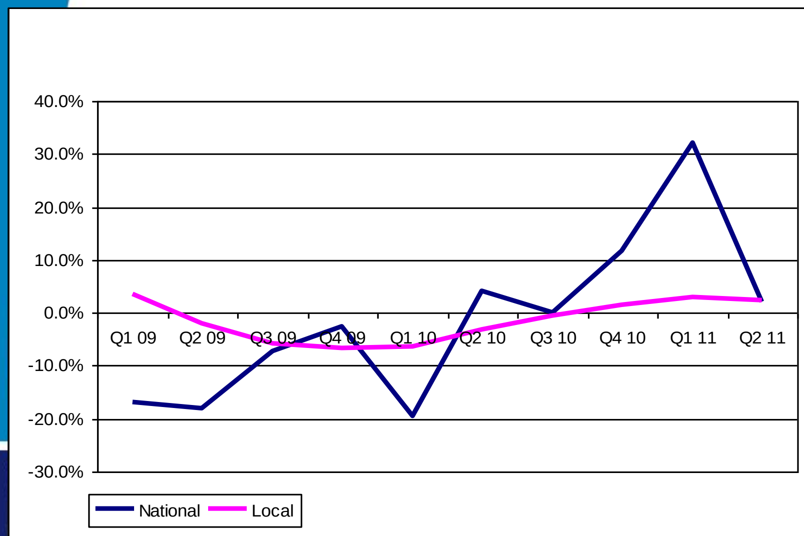
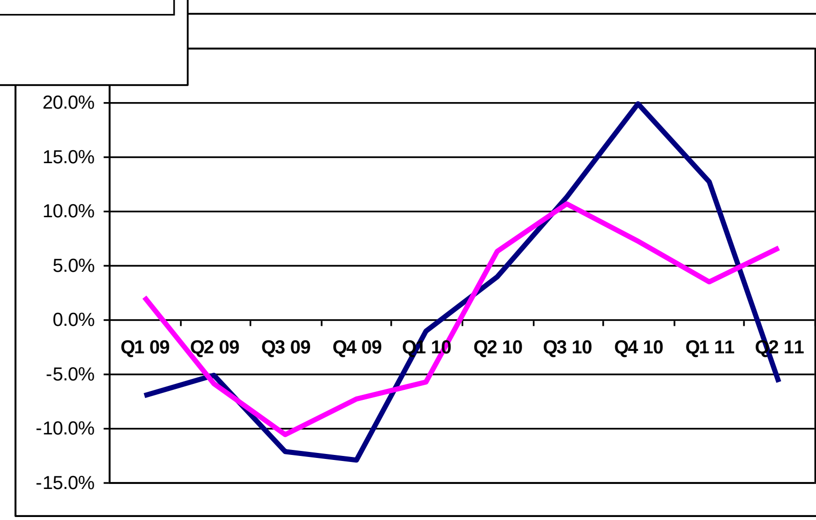
RADIO



- Local markets performed strongly in softer Q2

TV



- Local markets embraced Commonwealth Games in Q211
- Poor National Market Performance in Q2 driven by Commonwealth Games and poor December ratings

Our Programs

Fifi & Jules

80s August

The Hit List

Landed Music

Hamish & Andy

Rocktober

The Kyle and Jackie O Show

Love Month

- Launch of Fifi & Jules, Hamish & Andy and Kyle & Jackie O's Hour of Power on the Hit Music Network
- Continued rating strength on the Gold Coast Market
- The launch of new web sites for all radio assets i.e.: seafm.com.au
- Cross platform revenue & ratings expansion i.e.: The Hit List

Our Community

- I Believe in Christmas Toy Drive – over 30,000 donations
- Our radio stations play a pivotal community service role during floods and cyclones

Outlook

- Market has softened at a national level and local markets have been challenging. However, January and February will post positive sales growth
- Channel Eleven early results have been encouraging however TV ratings overall have been disappointing
- Costs are expected to moderate in second half with the absence of special event fees (Commonwealth Games)
- Queensland Floods / cyclones have further delayed growth but are not expected to have a material impact
- Government Convergence Review is welcome
- Austereo transaction progressing well

Offer for Austereo Update

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- Board of Austereo have unanimously recommended the offer
- Deal is funded through:-
  - A new senior debt facility of up to $755 million;
  - an Equity Bridge up to a maximum of $540 million to be re-paid by –
  - A pro-rata, renouncable Equity rights issue.
- Bidders statement will be released before the end of the month
- Further details of the benefits of the transaction will be specified in the Bidders Statement

Summary

- Further improvement in operating margins
- Confidence shown via final dividend of 7.0 cps

 (84% on underlying earnings of 8.3 cps)

- Radio remains resilient and less volatile
- Channel Eleven encouraging
- Acquisition positions the Group well as a premium integrated media asset

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questions?

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