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# ▶ Southern Cross Austereo FY11 Results Presentation



# Headline Achievements

- Like for Like sales up 4.7% to \$719.2m
- Like for Like EBIT up 8.4% to \$204.4m
- Acquired Austereo to create a National multimedia company
- Launched Southern Cross Austereo Brand
  - Formed one management team
  - Ahead of plan with integration and corresponding synergies



# Headline Achievements (cont.)

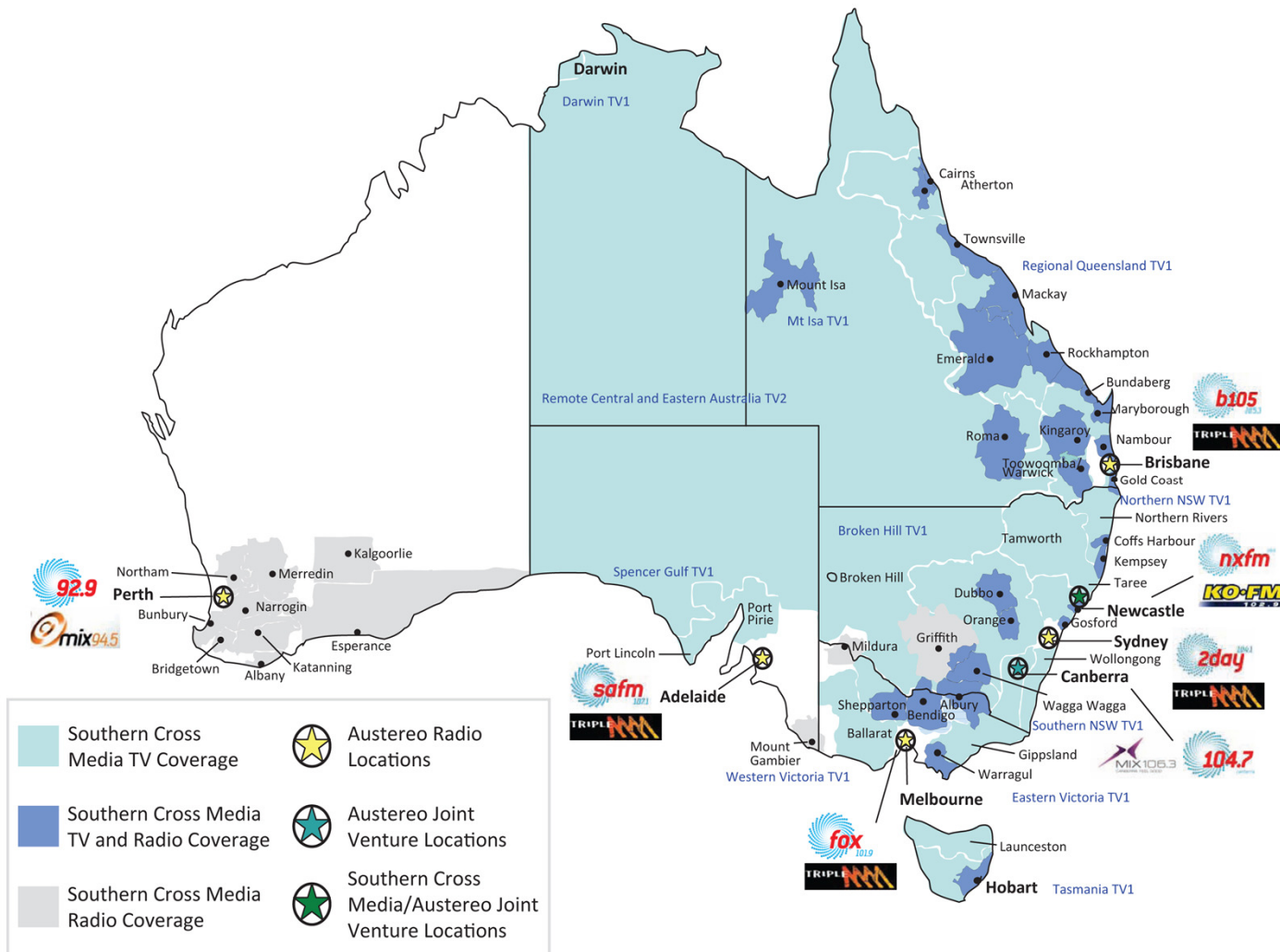
- Successfully secured new financing (expiring March 2015) at better pricing and covenant package
- Net Debt at 30 June of \$693.4m (Covenant ratio < 3 times)
- Increased EBITDA and EBIT margins
- EPS from operations up 20.6% to 15.0 cps (Reported 11.55 cps)
- Cash conversion 110%
- Full year dividend of 10 cps fully franked – final dividend 3 cps
  - Full year payout ratio of 90% on reported NPAT



# Sizzle Reel Slide



# Australia's biggest broadcasting group with potential audience reach of over 95% of Australians...



# Multi Media Entertainment Solutions

DAB+



Analogue  
Radio



Online  
video FTA  
TV &  
IPTV



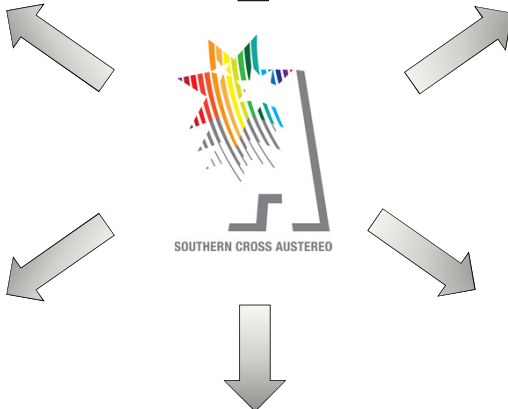
Online  
&  
Social  
Media



Mobile  
&  
Tablets



Podcasts



Steve Kelly, CFO

# FY11 Financial Analysis



# Financial Analysis Contents

- **FY11 reported to underlying results**
- **Underlying results summary**
- **Underlying results components**
- **Regional results FY11 v FY10 comparative**
- **Metro results reconciliation**





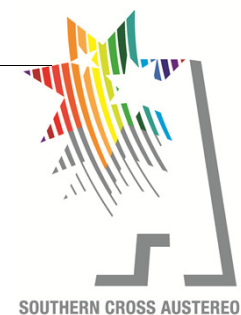
# Financial Analysis Contents (cont.)

- **Metro results FY11 to FY10 comparative**
- **Pro forma full year Group comparative result**
- **Balance Sheet Summary**
- **Debt Facilities**
- **Cash Flow summary**
- **EPS analysis**



# FY11 Underlying Results

<i>\$ millions</i>	Reported	Proportional Consol. of JV's	Transaction Costs	Underlying
Revenue	492.8	9.3	-	502.1
Expenses	(344.0)	(7.1)	7.3	(343.8)
Equity accounted profit	1.4	(1.4)	-	-
<b>EBITDA</b>	<b>150.2</b>	<b>0.8</b>	<b>7.3</b>	<b>158.3</b>
Depreciation & Amort.	(22.1)	(0.1)	-	(22.2)
Net Finance Costs	(50.2)	-	13.1	(37.1)
Financial Derivatives	(1.3)	-	-	(1.3)
<b>PBT</b>	<b>76.6</b>	<b>0.7</b>	<b>20.4</b>	<b>97.7</b>
Tax	(23.3)	(0.7)	(5.2)	(29.1)
<b>NPAT</b>	<b>53.3</b>	<b>-</b>	<b>15.2</b>	<b>68.5</b>



# FY11 Underlying Results Components

<i>\$ millions</i>	Regional	Metro (April to June)	Underlying*
TV	270.0	-	270.0
Radio	158.3	74.5	232.8
<b>Total Revenue</b>	<b>428.3</b>	<b>74.5</b>	<b>502.8</b>
Broadcast & Production	(112.7)	(6.6)	(119.3)
Employee	(93.7)	(26.6)	(120.3)
Selling, General & Admin	(81.5)	(16.7)	(98.2)
Corporate	(6.7)	-	(6.7)
<b>Total Expenses</b>	<b>(294.6)</b>	<b>(49.9)</b>	<b>(344.5)</b>
<b>EBITDA</b>	<b>133.7</b>	<b>24.6</b>	<b>158.3</b>
Depreciation & Amortisation	(19.7)	(2.5)	(22.2)
<b>EBIT</b>	<b>114.0</b>	<b>22.1</b>	<b>136.1</b>

\*Excludes intercompany eliminations of \$0.7m



# FY11 Underlying Comparative Summary

	FY11	FY10		
Revenue	\$502.1m	\$416.7m	↑	20.5%
EBITDA	\$158.3m	\$129.8m	↑	22.0%
<i>EBITDA Margin</i>	<i>31.5%</i>	<i>31.1%</i>		
EBIT	\$136.1m	\$107.7m	↑	26.4%
<i>EBIT Margin</i>	<i>27.1%</i>	<i>25.8%</i>		
NPAT	\$68.5m	\$52.3m	↑	31.0%
<i>NPAT Margin</i>	<i>13.6%</i>	<i>12.6%</i>		
Reported EPS	11.55 cps	5.76 <sup>1</sup> cps	↑	100%

<sup>1</sup> Reported EPS for FY10 is from Continuing Operations



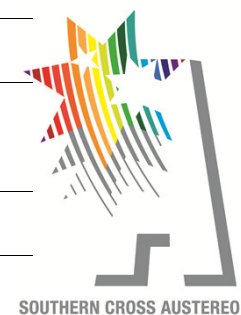
# Regional Results Comparative Performance

<i>\$ millions</i>	<b>FY11</b>	<b>FY10</b>	<b>% Variance</b>
TV	270.0	265.9	1.5%
Radio	158.3	150.8	5.0%
<b>Total Revenue</b>	<b>428.3</b>	<b>416.7</b>	<b>2.8%</b>
Broadcast & Production	(112.7)	(104.2)	8.2%
Employee	(93.7)	(91.6)	2.3%
Selling, General & Admin	(81.5)	(82.6)	(1.4%)
Corporate	(6.7)	(8.5)	(21.2%)
<b>Total Expenses</b>	<b>(294.6)</b>	<b>(286.9)</b>	<b>2.7%</b>
<b>EBITDA</b>	<b>133.7</b>	<b>129.8</b>	<b>3.0%</b>
Depreciation & Amortisation	(19.7)	(22.1)	(10.9%)
<b>EBIT</b>	<b>114.0</b>	<b>107.7</b>	<b>5.8%</b>
<b>EBIT %</b>	<b>26.6%</b>	<b>25.8%</b>	



# Metro Results Reconciliation

<i>\$ millions</i>	<b>FY11</b> (July to March) Pre acquisition	<b>FY11</b> (April to June) Post acquisition	<b>FY11</b>	Pre acquisition One Off Costs	<b>FY11</b> Underlying Result
Radio	216.4	74.5	290.9	-	290.9
<b>Total Revenue</b>	<b>216.4</b>	<b>74.5</b>	<b>290.9</b>	-	<b>290.9</b>
Broadcast & Production	(18.6)	(6.6)	(25.2)	-	(25.2)
Employee	(72.8)	(26.6)	(99.4)	0.3	(99.1)
Selling, General & Admin	(50.9)	(16.7)	(67.6)	-	(67.6)
Transaction Costs	(2.5)	-	(2.5)	2.5	-
<b>Total Expenses</b>	<b>(144.8)</b>	<b>(49.9)</b>	<b>(194.7)</b>	<b>2.8</b>	<b>(191.9)</b>
<b>EBITDA</b>	<b>71.6</b>	<b>24.6</b>	<b>96.2</b>	<b>2.8</b>	<b>99.0</b>
Depreciation & Amortisation	(6.1)	(2.5)	(8.6)	-	(8.6)
<b>EBIT</b>	<b>65.5</b>	<b>22.1</b>	<b>87.6</b>	<b>2.8</b>	<b>90.4</b>



# Metro Results Comparative Performance

<i>\$ millions</i>	<b>FY11 <sup>1</sup></b>	<b>FY10 <sup>1</sup></b>	<b>% Variance</b>
Radio	290.9	270.0	7.7%
	<b>290.9</b>	<b>270.0</b>	<b>7.7%</b>
Broadcast & Production	(25.2)	(24.0)	5.0%
Employee	(99.1)	(91.4)	8.4%
Selling, General & Admin	(67.6)	(65.6)	3.0%
<b>Total Expenses</b>	<b>(191.9)</b>	<b>(181.0)</b>	<b>6.0%</b>
<b>EBITDA</b>	<b>99.0</b>	<b>89.0</b>	<b>11.2%</b>
Depreciation & Amortisation	(8.6)	(8.1)	6.0%
<b>EBIT</b>	<b>90.4</b>	<b>80.9</b>	<b>11.7%</b>
<b>EBIT %</b>	<b>31.1%</b>	<b>29.9%</b>	

<sup>1</sup> Includes proportional consolidation of JV's



# Pro Forma FY Group Results Comparative

<i>\$ millions</i>	<b>FY11</b>	<b>FY10</b>	<b>% Variance</b>
TV	270.0	265.9	1.5%
Radio	449.2	420.8	6.7%
<b>Total Revenue</b>	<b>719.2</b>	<b>686.7</b>	<b>4.7%</b>
Broadcast & Production	(137.9)	(128.2)	7.6%
Employee	(192.8)	(183.0)	5.4%
Selling, General & Admin	(149.1)	(148.2)	0.6%
Corporate	(6.7)	(8.5)	(21.2%)
<b>Total Expenses</b>	<b>(486.5)</b>	<b>(467.9)</b>	<b>4.0%</b>
<b>EBITDA</b>	<b>232.7</b>	<b>218.8</b>	<b>6.4%</b>
Depreciation & Amortisation	(28.3)	(30.2)	(6.3%)
<b>EBIT</b>	<b>204.4</b>	<b>188.6</b>	<b>8.4%</b>
<b>EBIT %</b>	<b>28.4%</b>	<b>27.5%</b>	





# Balance Sheet Summary

<i>\$ millions</i>	<b>FY11*</b>	<b>FY10</b>	<b>Movement</b>
Intangibles			
Radio & TV Licences	1,642.3	768.5	873.8
Goodwill	355.6	295.9	59.7
Other	0.1	0.4	(0.3)
	<b>1,998.0</b>	<b>1,064.8</b>	<b>933.2</b>
Cash	31.6	38.1	(6.5)
Other assets	368.7	292.9	75.8
<b>Total Assets</b>	<b>2,398.3</b>	<b>1,395.8</b>	<b>1,002.5</b>
Borrowings	(708.5)	(287.5)	(421.0)
Payables & Provisions	(190.8)	(75.9)	(114.9)
<b>Shareholders Equity</b>	<b>1,499.0</b>	<b>1,032.4</b>	<b>466.6</b>

\* Provisionally accounted at 30 June 2011



# Debt Facilities

<i>\$ millions</i>	FY11	FY10
Reported Borrowings	708.5	287.5
Borrowing Costs	16.9	12.8
Lease Liabilities	(0.4)	(0.3)
Drawn Debt	725.0	300.0

- Newly completed \$765m four year syndicated facility, maturing in March 2015
  - \$503m term facility
  - \$222m re-drawable facility
  - \$40m working capital (including \$10m for guarantees etc)
- Leverage ratio (Net Debt : EBITDA) 3.6:1 to 30/6/13 thereafter 3.25:1
  - Current level 2.96\*
- Interest Cover Ratio Covenant 2.9:1 to 30/6/13 thereafter 3.15:1
  - current level over 4

\* Calculation based on pro-forma FY11 Results (refer slide 14)



# Cash Flow

*\$ millions*

<i>Opening Cash</i>	38.1
<b>Cash From Operations</b>	164.6
Interest, Derivative & Borrowing Cost payments	(38.8)
Capital expenditure	(13.9)
Distributions to Security Holders	(48.5)
Net Capital raising proceeds	471.6
Debt increase	220.4
Payment for acquisition of Austereo	(721.0)
Transaction costs	(40.9)
<b>Closing Cash</b>	<b>31.6</b>
<i>EBITDA (Reported)</i>	150.2
<b>Conversion</b>	<b>110%</b>



# EPS Analysis

<i>cents per share</i>	<b>FY11</b>	<b>FY10*</b>
Operations	<b>15.04</b>	11.62
Derivative Impact	<b>(0.20)</b>	3.52
Transaction & Integration Costs	<b>(3.29)</b>	
Net Restructuring Cost Impact		(1.19)
Internalisation Impact		(8.19)
Discontinued Operations		(29.69)
Reported	<b>11.55</b>	(23.93)
<i>Weighted average # of Shares</i>	<b>461.6m</b>	345.5m
<i>Actual closing # of Shares</i>	<b>705.7m</b>	378.8m

\*Varies from last years calculation due to re-weighting of number of shares as a result of rights issue (LY 322.1m)



Rhys Holleran, CEO  
**Operations**



# Trading Highlights

- **Radio up 6.7%**
  - Maintained market leadership position nationally
  - Metro radio business grew 8.0% vs 5.7% market growth
  - Regional business grew 5.0%
- **TV Revenue up 1.5% impacted by:-**
  - Strong power ratio performance in H2 - circa 1.1
  - Commonwealth Games in H1
  - Challenging ratings performance for TEN
- **EBITDA growth in excess of revenue growth due to prudent cost management**
- **Establishment of truly National Multi Media Company via acquisition of Austereo**



# Advertising Revenues

Full Year	Regional Radio		Metro Radio <sup>1</sup>		Metro Radio Market <sup>2</sup>
	% split of revenues	% change vs pcp	% split of revenues	% change vs pcp	% change vs pcp
Local Advertising	67.40%	1.40%	28.75%	3.81%	5.90%
National Advertising	24.06%	8.40%	69.78%	10.19%	5.50%
<i>Total Advertising</i>	<i>91.46%</i>	<i>3.20%</i>	<i>98.53%</i>	<i>8.20%</i>	<i>5.70%</i>
Other	8.54%	28.93%	1.47%	-5.24%	
<b>Total Revenue</b>	<b>100.00%</b>	<b>5.00%</b>	<b>100.00%</b>	<b>8.00%</b>	

Full Year	TV		Regional Market TV <sup>3</sup>
	% split of revenues	% change vs pcp	% change vs pcp
Local Advertising	38.04%	2.80%	3.90%
National Advertising	53.89%	0.30%	7.40%
<i>Total Advertising</i>	<i>91.92%</i>	<i>1.30%</i>	<i>6.10%</i>
Other	8.08%	4.00%	
<b>Total Revenue</b>	<b>100.00%</b>	<b>1.50%</b>	

<sup>1</sup> 5 Capital cities only

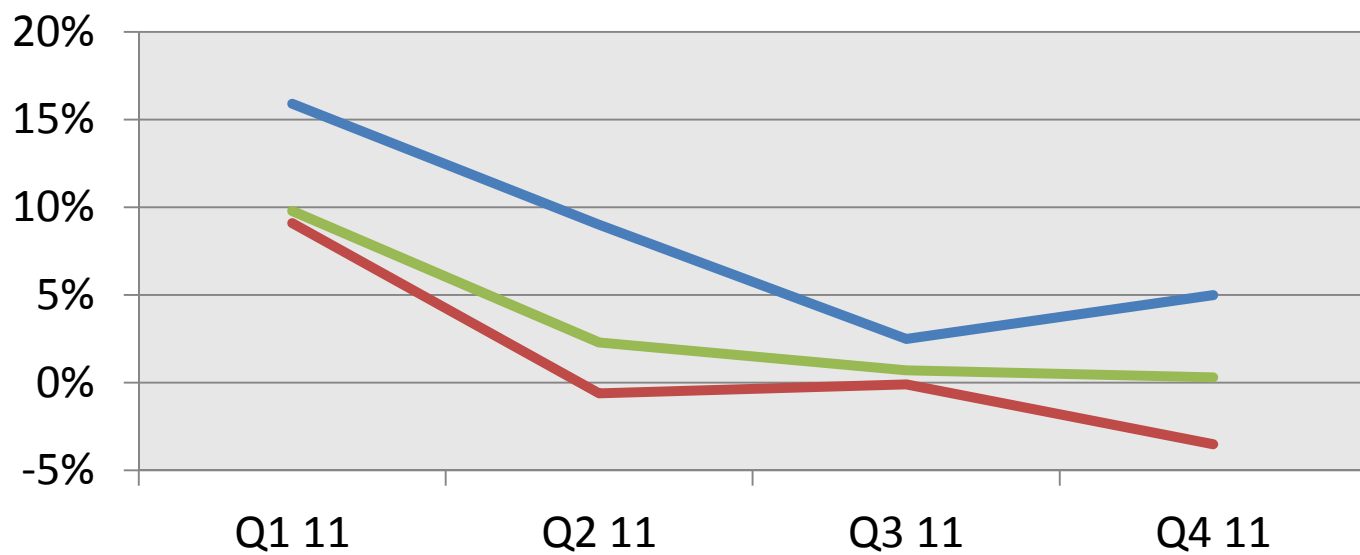
<sup>2</sup> Deloitte metro radio market report

<sup>3</sup> KPMG Report (4 Aggregate Market only)



# Revenue Trends

## PCP Growth



— Metro Radio — Regional TV — Regional Radio





# Acquisition Update

- **Southern Cross Austereo launched as new brand**
- **Peter Harvie appointed to the Board**
- **One management structure announced**
- **Integration teams working well and ahead of required run rate**
  - **Synergy run-rate to date \$5.7m p.a. (40% of total target and 100% of first year target)**
- **National Content direction firmly established**
- **Co-location well progressed**



# Outlook

- Current revenue performance is mirroring consumer uncertainty
- Agencies and market analysts have ADEX forecasts ranging from 0% to 5% growth with regional being slightly behind metro in most cases.
- Radio forecasts are similarly diverse



## Outlook (cont.)

- Channel TEN have announced 2012 line up
- We expect markets to remain challenging for the remainder of this year
- Despite the uncertain trading conditions we expect to deliver positive underlying profit growth as the benefits of the combination of the Regional and Metro businesses continue to be realised



# Summary

- **Another strong year in the development of our business plan - acquiring the leading metropolitan radio business.**
- **Rapid and co-operative development in creating one Southern Cross Austereo business**
- **Operational performance of the businesses was not distracted by the transaction**
- **Operating margins continued to expand – scale and leverage will continue to assist in this area**
- **Cash conversion of operational performance assisted greatly in executing the acquisition efficiently**
- **The payment of 3 cps final dividend shows confidence in the business**



**Rhys Holleran, CEO**

**Steve Kelly, CFO**



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