

► 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.)

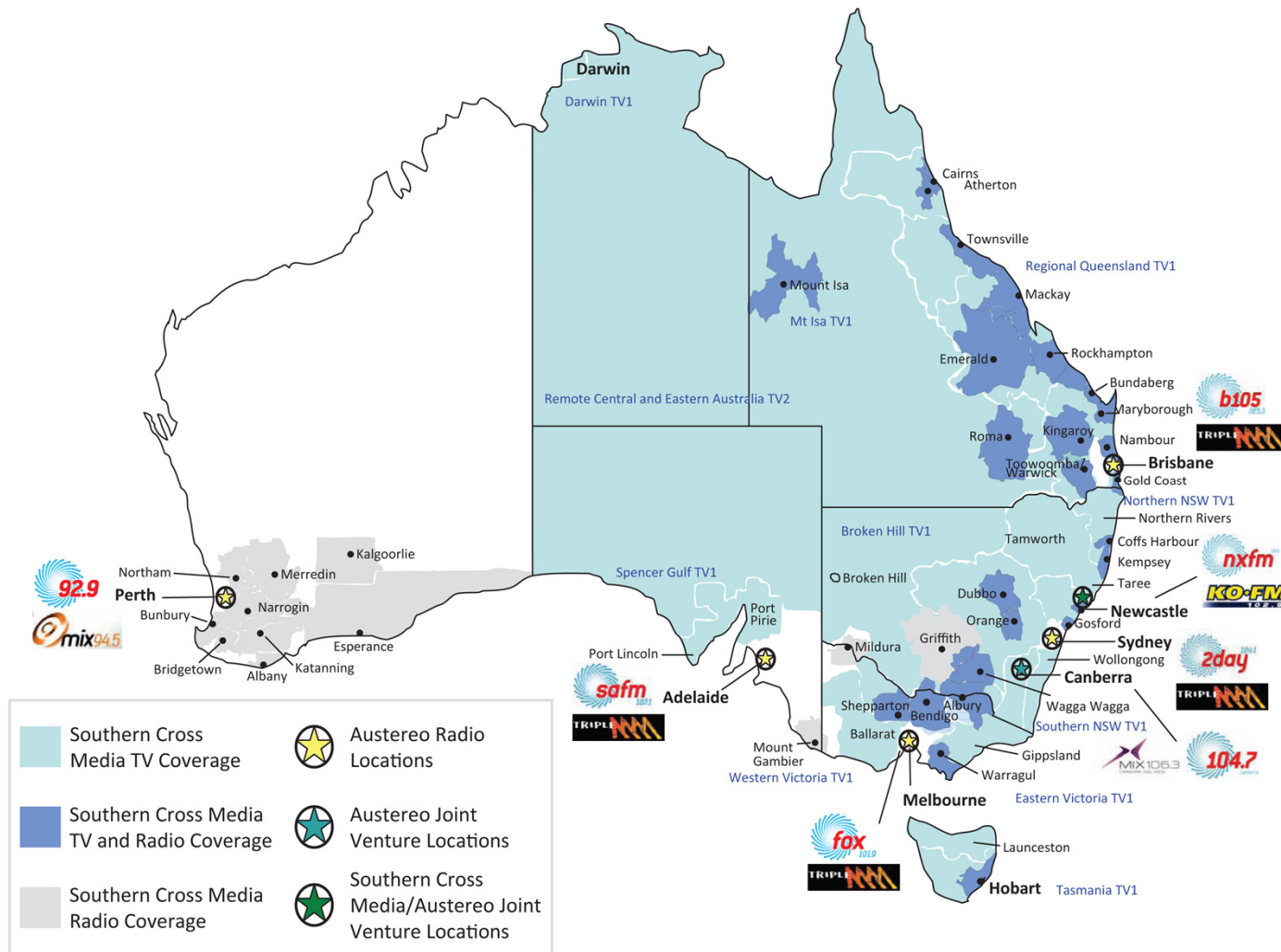
- Successfully secured new financing (expiring March 2015) at better pricing and covenant package
- Net Debt at 30 June of \$693.4m (Covenant ratio < 3 times)
- Increased EBITDA and EBIT margins
- EPS from operations up 20.6% to 15.0 cps (Reported 11.55 cps)
- Cash conversion 110%
- Full year dividend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



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)	-	-
EBITDA	150.2	0.8	7.3	158.3
Depreciation & Amort.	(22.1)	(0.1)	-	(22.2)
Net Finance Costs	(50.2)	-	13.1	(37.1)
Financial Derivatives	(1.3)	-	-	(1.3)
PBT	76.6	0.7	20.4	97.7
Tax	(23.3)	(0.7)	(5.2)	(29.1)
NPAT	53.3	-	15.2	68.5



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
Total Revenue	428.3	74.5	502.8
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)
Total Expenses	(294.6)	(49.9)	(344.5)
EBITDA	133.7	24.6	158.3
Depreciation & Amortisation	(19.7)	(2.5)	(22.2)
EBIT	114.0	22.1	136.1

*Excludes intercompany eliminations of \$0.7m



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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 ¹ cps	↑	100%

¹ Reported EPS for FY10 is from Continuing Operations



Regional Results Comparative Performance

<i>\$ millions</i>	FY11	FY10	% Variance
TV	270.0	265.9	1.5%
Radio	158.3	150.8	5.0%
Total Revenue	428.3	416.7	2.8%
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%)
Total Expenses	(294.6)	(286.9)	2.7%
EBITDA	133.7	129.8	3.0%
Depreciation & Amortisation	(19.7)	(22.1)	(10.9%)
EBIT	114.0	107.7	5.8%
EBIT %	26.6%	25.8%	



Metro Results Reconciliation

<i>\$ millions</i>	FY11 (July to March) Pre acquisition	FY11 (April to June) Post acquisition	FY11	Pre acquisition One Off Costs	FY11 Underlying Result
Radio	216.4	74.5	290.9	-	290.9
Total Revenue	216.4	74.5	290.9	-	290.9
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	-
Total Expenses	(144.8)	(49.9)	(194.7)	2.8	(191.9)
EBITDA	71.6	24.6	96.2	2.8	99.0
Depreciation & Amortisation	(6.1)	(2.5)	(8.6)	-	(8.6)
EBIT	65.5	22.1	87.6	2.8	90.4



Metro Results Comparative Performance

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

¹ Includes proportional consolidation of JV's



Pro Forma FY Group Results Comparative

<i>\$ millions</i>	FY11	FY10	% Variance
TV	270.0	265.9	1.5%
Radio	449.2	420.8	6.7%
Total Revenue	719.2	686.7	4.7%
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%)
Total Expenses	(486.5)	(467.9)	4.0%
EBITDA	232.7	218.8	6.4%
Depreciation & Amortisation	(28.3)	(30.2)	(6.3%)
EBIT	204.4	188.6	8.4%
EBIT %	28.4%	27.5%	



Balance Sheet Summary

<i>\$ millions</i>	FY11*	FY10	Movement
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)
	1,998.0	1,064.8	933.2
Cash	31.6	38.1	(6.5)
Other assets	368.7	292.9	75.8
Total Assets	2,398.3	1,395.8	1,002.5
Borrowings	(708.5)	(287.5)	(421.0)
Payables & Provisions	(190.8)	(75.9)	(114.9)
Shareholders Equity	1,499.0	1,032.4	466.6

* 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

Opening Cash 38.1

Cash From Operations 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)

Closing Cash 31.6

EBITDA (Reported) 150.2

Conversion 110%



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EPS Analysis

<i>cents per share</i>	FY11	FY10*
Operations	15.04	11.62
Derivative Impact	(0.20)	3.52
Transaction & Integration Costs	(3.29)	
Net Restructuring Cost Impact		(1.19)
Internalisation Impact		(8.19)
Discontinued Operations		(29.69)
Reported	11.55	(23.93)
<i>Weighted average # of Shares</i>	461.6m	345.5m
<i>Actual closing # of Shares</i>	705.7m	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 ¹		Metro Radio Market ²
	% split of revenues	% change vs pcg	% split of revenues	% change vs pcg	% change vs pcg
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%	
Total Revenue	100.00%	5.00%	100.00%	8.00%	

Full Year	TV		Regional Market TV ³
	% split of revenues	% change vs pcg	% change vs pcg
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%	
Total Revenue	100.00%	1.50%	

¹ 5 Capital cities only

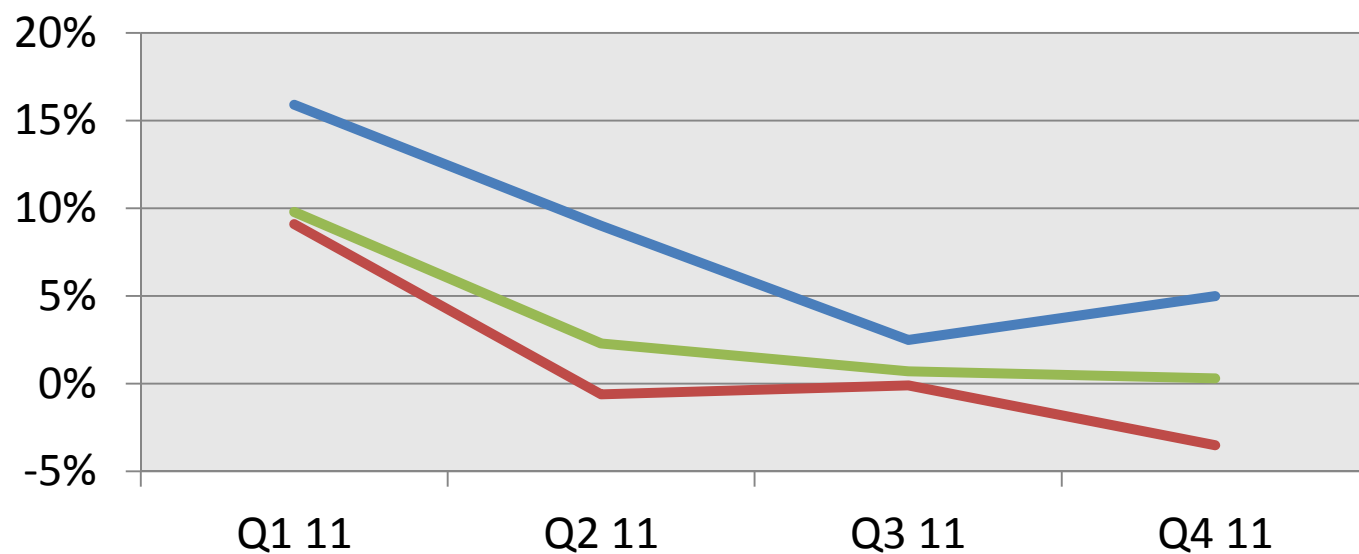
² Deloitte metro radio market report

³ 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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