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# H1 FY14 RESULTS PRESENTATION

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# HEADLINE ACHIEVEMENTS

- Reported revenues up **1.3%**, underlying revenues up **1.8%**
- Reported EBITDA up **0.8%**, underlying EBITDA up **0.5%**
- Reported NPAT up **1.8%** to **\$45.9m**, underlying NPAT up **1.1%**
- EPS stable at **6.5 cps**
  - Dividend declared of **4.5** cents per share
- **#1 FM Metro Radio Network** steady at **34.4%** market share<sup>1</sup>
- Successfully negotiated the refinancing of **\$650m** debt facility





# HEADLINE ACHIEVEMENTS

- **#1 FM** breakfast shows in Melbourne, Sydney, Gold Coast and Perth<sup>1</sup>
- With over **900,000** listeners, Fox FM Melbourne remains Australia's most listened to station<sup>2</sup>
- Triple M continues to dominate as **#1** network for males 25-54<sup>2</sup>
- **#1** regional stations in Newcastle and the Gold Coast<sup>3</sup>
- Secured new, all star lineup for Sydney & Melbourne breakfast shows for 2014



<sup>1</sup> Nielsen Metro Radio Survey 8 & Nielsen Regional Radio Survey 3.

<sup>2</sup> Nielsen Metro Radio Survey 8.

<sup>3</sup> Nielsen Regional Radio Survey 3.

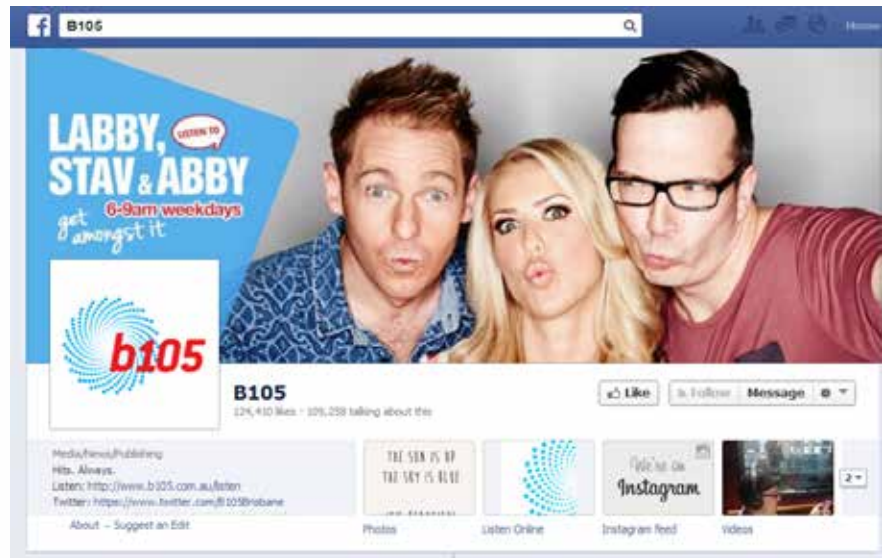




# HEADLINE ACHIEVEMENTS

## Online, Social Media & Digital

- SCA's Facebook community is the most socially engaged audience in Australia<sup>1</sup>
  - 4 of the top 10 most engaging Facebook pages in Australia<sup>1</sup>
  - 8 of the top 10 most engaging Radio Facebook pages in Australia<sup>1</sup>
- With over **5.7m** fans, we have the largest and most engaged online community of any media organisation in Australia
- Launched **189** new mobile apps which have been downloaded over **750,000** times
- **#8** Australian daily publisher on mobile devices<sup>2</sup>
- **#18** Australian daily publisher on all devices<sup>3</sup>



<sup>1</sup> The Online Circle, 2013 Social Pulse Awards

<sup>2</sup> Nielsen Market Intelligence (Domestic), Avg. Daily UBs (Mobile), Period: Oct 2013 – Dec 2013

<sup>3</sup> Nielsen Market Intelligence (Domestic), Avg. Daily UBs (All Devices), Period: Oct 2013 – Dec 2013



# HEADLINE ACHIEVEMENTS

- Songl has over 115,000 registrations since April 2013, and 18m+ songs streamed
- Launched two new Digital radio stations; Triple M Perth & Triple M Classic Rock
- **21%** YoY growth in DAB + listeners<sup>1</sup>
- **Omny** startup investment announced



<sup>1</sup> Source: Nielsen Radio Survey 8

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# FINANCIALS





# GROUP REPORTED STATUTORY RESULTS

## KEY FINANCIAL NUMBERS

<i>\$ millions</i>	H1 FY14	H1 FY13	% Variance
Revenue	331.9	327.7	1.3%
Expenses	(226.8)	(223.2)	1.6%
Equity Accounted Profit	(0.1)	(0.3)	(66.7%)
<b>EBITDA</b>	<b>105.0</b>	<b>104.2</b>	<b>0.8%</b>
Depreciation & Amortisation	(13.7)	(12.9)	6.2%
<b>EBIT</b>	<b>91.3</b>	<b>91.3</b>	-
Net Finance Costs	(24.6)	(26.4)	(6.8%)
<b>PBT</b>	<b>66.7</b>	<b>64.9</b>	<b>2.8%</b>
Tax	(20.8)	(19.8)	5.1%
<b>NPAT</b>	<b>45.9</b>	<b>45.1</b>	<b>1.8%</b>
EPS (cps)	6.5	6.4	1.6%







# GROUP UNDERLYING RESULTS ANALYSIS

## RECONCILIATION TO UNDERLYING RESULTS FOR H1 FY14

<i>\$ millions</i>	Reported H1 FY14	Adjustments H1 FY14	Underlying H1 FY14	Underlying H1 FY13 <sup>1</sup>	% Variance
Revenue	331.9	-	331.9	326.0	1.8%
Expenses	(226.8)	1.9	(224.9)	(219.3)	2.6%
Equity Accounted Profit	(0.1)	-	(0.1)	(0.3)	(66.7%)
<b>EBITDA</b>	<b>105.0</b>	<b>1.9</b>	<b>106.9</b>	<b>106.4</b>	<b>0.5%</b>
Depreciation & Amortisation	(13.7)	-	(13.7)	(12.8)	7.0%
<b>EBIT</b>	<b>91.3</b>	<b>1.9</b>	<b>93.2</b>	<b>93.6</b>	<b>(0.4%)</b>
Net Finance Costs	(24.6)	-	(24.6)	(26.4)	(6.8%)
<b>PBT</b>	<b>66.7</b>	<b>1.9</b>	<b>68.6</b>	<b>67.2</b>	<b>2.1%</b>
Tax	(20.8)	(0.6)	(21.4)	(20.5)	4.4%
<b>NPAT</b>	<b>45.9</b>	<b>1.3</b>	<b>47.2</b>	<b>46.7</b>	<b>1.1%</b>
EPS (cps)	6.5		6.7	6.7	-

<sup>1</sup> H1 FY13 result adjusted to remove Sunshine Coast radio to provide like for like comparative, refer Appendix 1.





# GROUP UNDERLYING RESULTS COMPARATIVE

<i>\$ millions</i>	H1 FY14	H1 FY13	% Variance
Total TV	112.4	111.3	1.0%
Total Radio	219.5	214.7	2.2%
<b>Total Revenue</b>	<b>331.9</b>	<b>326.0</b>	<b>1.8%</b>
Broadcast & Production	(54.6)	(54.3)	0.6%
Employee	(85.8)	(86.1)	(0.3%)
Selling, General & Admin	(84.5)	(78.9)	7.1%
Equity Accounted Profit	(0.1)	(0.3)	(66.7%)
<b>Expenses</b>	<b>(225.0)</b>	<b>(219.6)</b>	<b>2.5%</b>
<b>EBITDA</b>	<b>106.9</b>	<b>106.4</b>	<b>0.5%</b>
Depreciation & Amortisation	(13.7)	(12.8)	7.0%
<b>EBIT</b>	<b>93.2</b>	<b>93.6</b>	<b>(0.4%)</b>





# METRO UNDERLYING RESULTS COMPARATIVE

<i>\$ millions</i>	H1 FY14	H1 FY13 <sup>1</sup>	% Variance
Radio	136.6	134.5	1.6%
<b>Total Revenue</b>	<b>136.6</b>	<b>134.5</b>	<b>1.6%</b>
Broadcast & Production	(10.8)	(11.8)	(8.5%)
Employee	(40.1)	(39.3)	2.0%
Selling, General & Admin	(43.4)	(37.9)	14.5%
<b>Expenses</b>	<b>(94.3)</b>	<b>(89.0)</b>	<b>6.0%</b>
<b>EBITDA</b>	<b>42.3</b>	<b>45.5</b>	<b>(7.0%)</b>
Depreciation & Amortisation	(3.9)	(3.5)	11.4%
<b>EBIT</b>	<b>38.4</b>	<b>42.0</b>	<b>(8.6%)</b>

<sup>1</sup> H1 FY13 expenses have been restated (between Regional and Metro) for integrated group sales model to provide a like for like comparison.





# REGIONAL GROUP UNDERLYING RESULTS COMPARATIVE

<i>\$ millions</i>	H1 FY14	H1 FY13 <sup>1</sup>	% Variance
Total TV	112.4	111.3	1.0%
Total Radio	82.9	80.2	3.4%
<b>Total Revenue</b>	<b>195.3</b>	<b>191.5</b>	<b>2.0%</b>
Broadcast & Production	(43.8)	(42.5)	3.1%
Employee	(45.7)	(46.8)	(2.4%)
Selling, General & Admin	(41.1)	(41.0)	0.3%
Equity Accounted Profit	(0.1)	(0.3)	(66.7%)
<b>Expenses</b>	<b>(130.7)</b>	<b>(130.6)</b>	<b>0.1%</b>
<b>EBITDA</b>	<b>64.6</b>	<b>60.9</b>	<b>6.1%</b>
Depreciation & Amortisation	(9.8)	(9.3)	5.4%
<b>EBIT</b>	<b>54.8</b>	<b>51.6</b>	<b>6.20%</b>

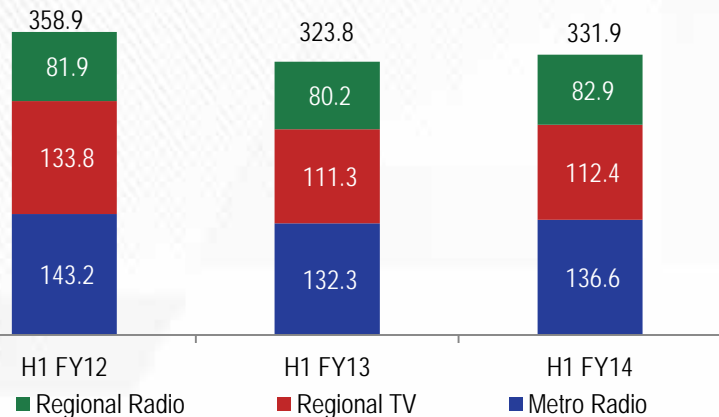
<sup>1</sup>H1 FY13 expenses have been restated (between Regional and Metro) for integrated group sales model to provide a like for like comparison



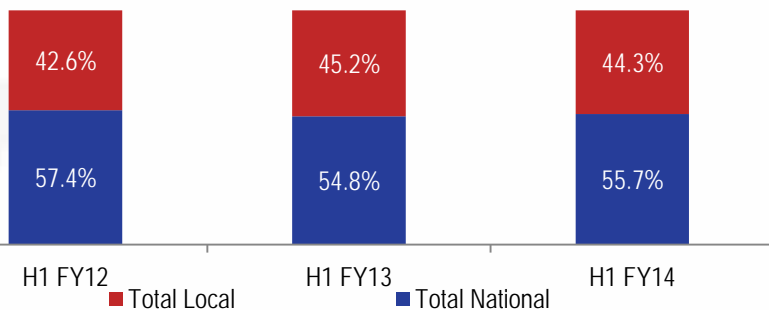


# REVENUE ANALYSIS

### Total Revenue by Channel (\$ m's)



### National & Local split



## Regional radio up 3.4%

- Strong performance from both National and Local sales

## TV revenue up 1%

- Improvement in National Sales performance and strong growth in National TV markets

## Metro radio up 3.3%

- Local revenues up 4.3%

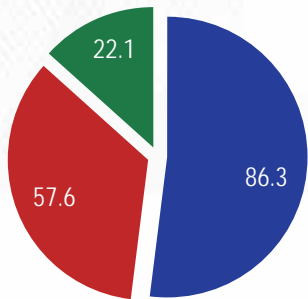
FY12 and FY13 Revenue figures have been adjusted for the sale of the Sunshine Coast.



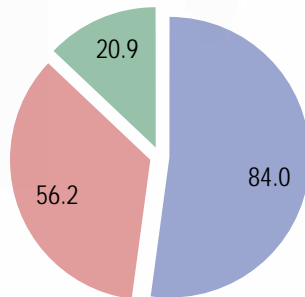


# ADVERTISING REVENUE ANALYSIS

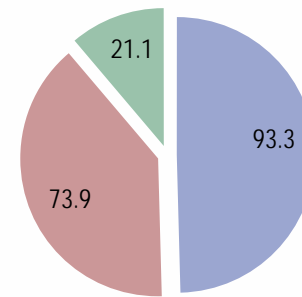
H1 FY14  
National Revenues \$166.0m



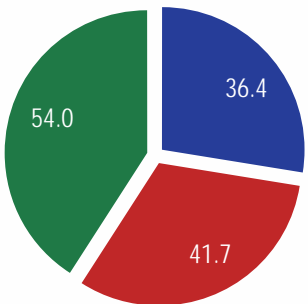
H1 FY13  
National Revenues \$161.1m



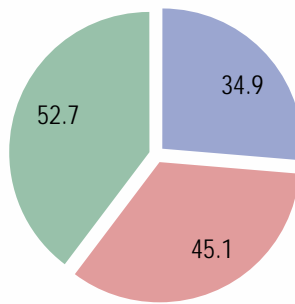
H1 FY12  
National Revenues \$188.3m



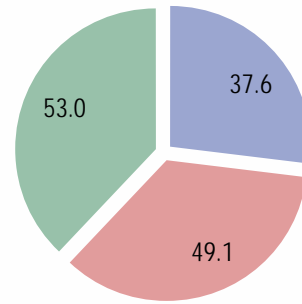
Local Revenues \$132.1m



Local Revenues \$132.7m



Local Revenues \$139.7m



■ National - Metro Radio

■ National - TV

■ National - Regional Radio

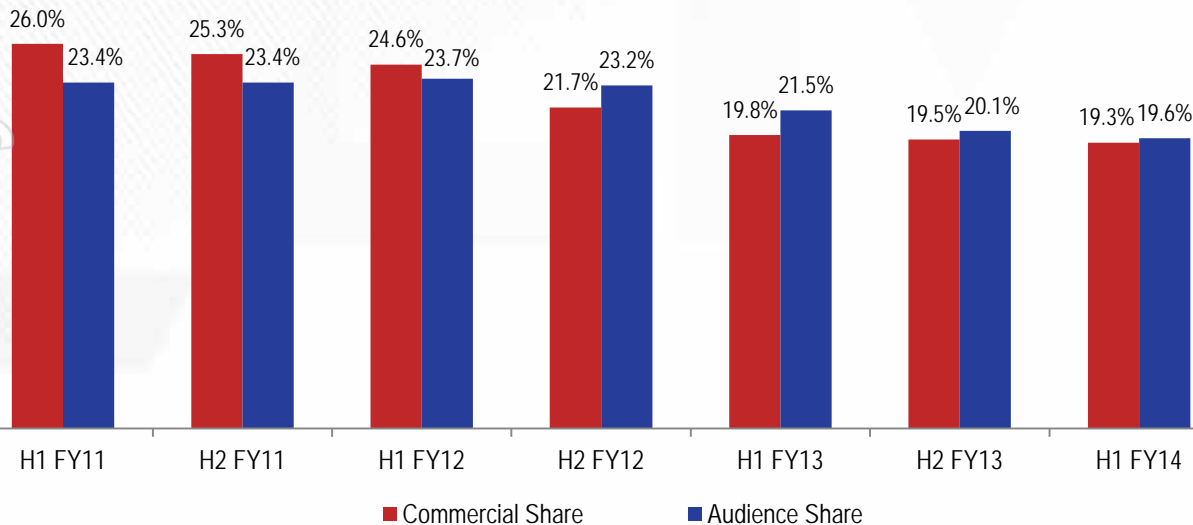
■ Local - Metro Radio

■ Local - TV

■ Local - Regional Radio



# SC10 – TV SHARE ANALYSIS



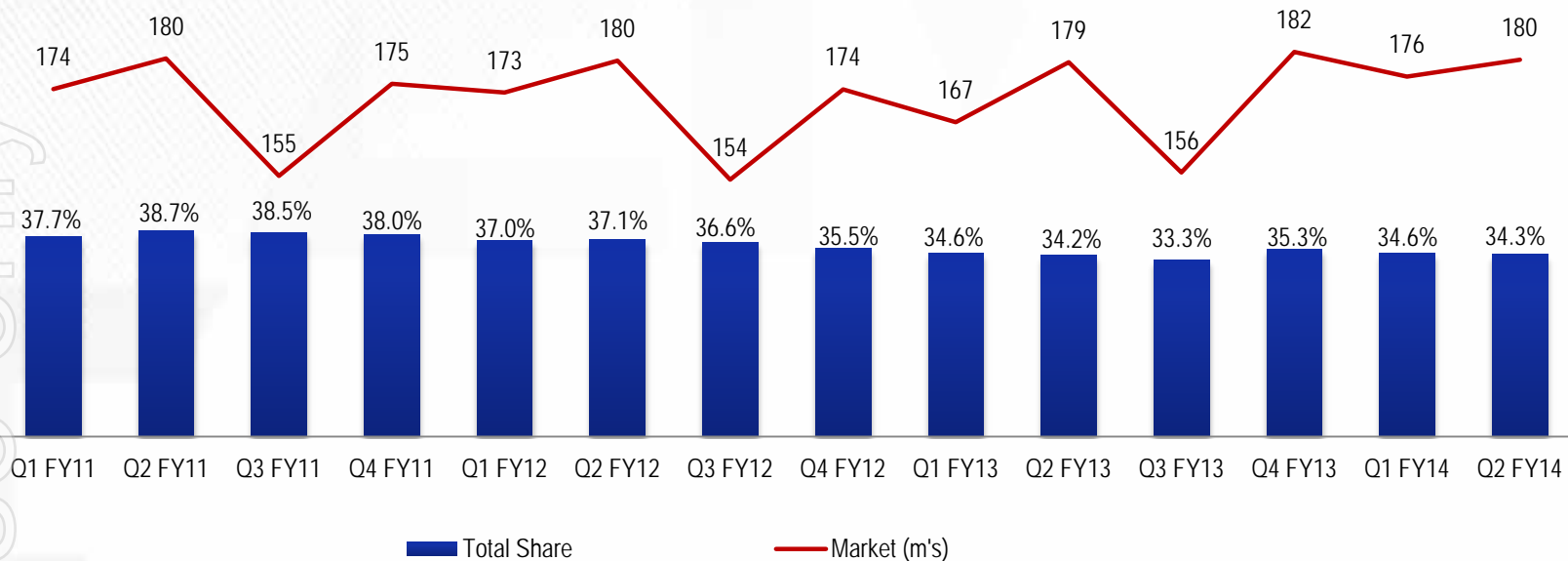
Gap between audience and commercial share has improved due to

- Local sales effort around special events
- Renewed confidence in CH10 programming

Big Bash has had strong client interest and we hope lays a foundation for a better 2014



# METRO RADIO COMMERCIAL SHARE



- Maintained share in a stronger market
- Triple M network continues to improve
- Today network poised for a refresh





# DEBT FACILITIES

<i>\$ millions</i>	December 2013	June 2013
Drawn Debt	693.0	703.0
Less Cash	(93.0)	(102.9)
Net Debt (Group)	600.0	600.1
Net Debt (Borrowing Group)	606.2	606.5

## January 2014 Refinance

- Fully drawn, 5 year, \$650m facility
- Undrawn, 2 year, \$50m ancillary facility
- Reduced margins
- No mandatory repayments
- No hedging requirement (current hedges finish March 2015)

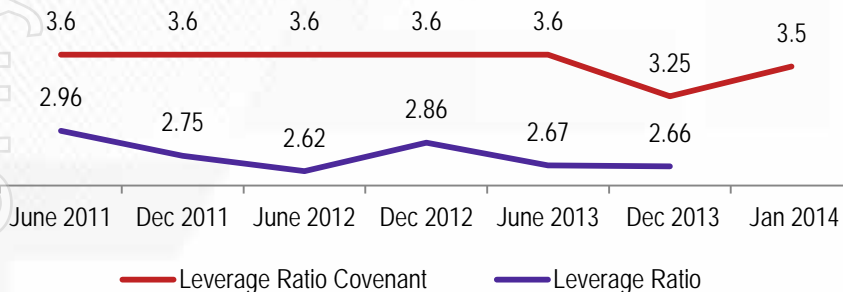




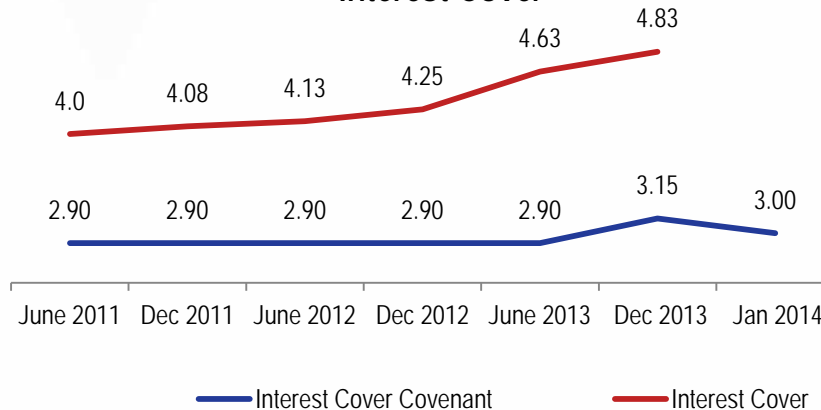


# DEBT FACILITY COVENANTS

## Leverage Ratio



## Interest Cover



- Improvements in both leverage ratio and interest cover since June 2013
- As a result of the refinance
  - Interest cover covenant has reduced from 3.15 to 3.0
  - Leverage ratio covenant has increased from 3.25 to 3.5



# CASH FLOW

<i>\$ millions</i>	H1 FY14	H1 FY13
Opening Cash	102.9	97.2
<b>Cash from operations (pre tax)</b>	<b>98.6</b>	<b>95.9</b>
Proceeds from sale of Land & Building	-	1.7
Interest, Derivative & Borrowing Cost payments	(27.3)	(29.9)
Tax	(23.8)	(29.2)
Capital Expenditure	(15.6)	(9.7)
Dividends to Security Holders	(31.7)	(35.2)
Investments	(0.1)	(1.0)
Debt Repayment	(10.0)	(6.0)
<b>Closing Cash</b>	<b>93.0</b>	<b>83.8</b>
Reported EBITDA	105.0	104.2
<b>EBITDA Conversion</b>	<b>93.9%</b>	<b>92.0%</b>





# EPS ANALYSIS

<i>Cents per share</i>	H1 FY14	H1 FY13
<b>Underlying Operations</b>	6.7	6.7
One off Adjustments	(0.2)	(0.4)
Sunshine Coast <sup>1</sup>	-	0.1
<b>Reported</b>	6.5	6.4
<i>Weighted average # of Shares (m's)</i>	705.0	704.8
<i>Actual closing # of Shares (m's)</i>	705.0	704.8



<sup>1</sup>Prior year underlying EPS has been adjusted to exclude the recently divested Sunshine Coast Radio business.

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# OPERATIONAL UPDATE







# TRADING COMMENTARY



## Revenue up 1.8% with growth across all three mediums

- Strong first quarter has driven half year revenue growth
- Big Bash has renewed interest in CH10 programming and improved sales performance, particularly local sales
- Metro radio revenues have grown with the market, share maintained at 34.4%
- Triple M network continues to strengthen, partially offsetting revenue decline on Today



# TRADING COMMENTARY

## Expense management remains a focus

- Efficiency projects continue to deliver savings and offset increased investment in content and marketing
- Increased affiliation fees are the largest single component of total cost increases
- Metro radio markets remain competitive and we continue to invest in marketing and promotions





# TRADING COMMENTARY

## Content & Digital Innovation

- Partnered with Shazam to produce the first ever 'Shazam-able' radio campaign in Australia
- Partnered with Twitter to produce the first 'Twitter Amplify' campaign in Australia
- Secured investment and content partnership with Melbourne based startup 'Omny'





# OUTLOOK

## Advertising Markets

- Regional TV still short – choppy
- Metro radio markets – steady but short
- Regional radio markets – steady locally, soft nationally

## Metro Radio

- Early signs from the new content line up are positive with a strong interest in sponsorships for all new shows
- New shows launched in 2014 will take time to build and have been appropriately resourced to maximise success
- Metro revenues are performing as expected to the end of February







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## Regional Media

- Recent success of the Big Bash and Sochi has given us a good start to the second half
- We need to see a sustained improvement in ratings to get the benefit of these special events in the near term
- Local regional radio revenue continues to be consistent, National revenues remain challenged



# OUTLOOK

- Refinancing and operational cost efficiency improvements will benefit the business in the second half. This has enabled for further investment in marketing and TV content without materially impacting our full year NPAT
- We maintain our view that legislative reform is required within the media industry and are open to the opportunities that this would present
- Interim CFO, Ray Gunston, appointed whilst executive search is commenced



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# SIZZLE REEL

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## Q & A







# APPENDIX 1: RECONCILIATION OF H1 FY13 RESULTS

<i>\$ millions</i>	Reported	One Off Adjustments	Reported Underlying	Sunshine Coast Normalisation	Normalised Underlying
Revenue	327.7	2.2	329.9	(3.9)	326.0
Expenses	(223.2)	1.4	(221.8)	2.5	(219.3)
Equity Accounted Profit	(0.3)	-	(0.3)	-	(0.3)
<b>EBITDA</b>	<b>104.2</b>	<b>3.6</b>	<b>107.8</b>	<b>(1.4)</b>	<b>106.4</b>
Depreciation & Amortisation	(12.9)	-	(12.9)	0.1	(12.8)
<b>EBIT</b>	<b>91.3</b>	<b>3.6</b>	<b>94.9</b>	<b>(1.3)</b>	<b>93.6</b>
Net Finance Costs	(26.4)	-	(26.4)	-	(26.4)
<b>PBT</b>	<b>64.9</b>	<b>3.6</b>	<b>68.5</b>	<b>(1.3)</b>	<b>67.2</b>
Tax	(19.8)	(1.1)	(20.9)	0.4	(20.5)
<b>NPAT</b>	<b>45.1</b>	<b>2.5</b>	<b>47.6</b>	<b>(0.9)</b>	<b>46.7</b>