SOUTHERN CROSS AUSTEREO

FY15 INVESTOR PRESENTATION
27 AUGUST 2015

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FY15 RESULTS

GRANT BLACKLEY

RESULTS SUMMARY

- Operating result down on 2014, but trading through the bottom of the cycle
- H2 performance improved compared to H1 as business stabilises
- Impairment charges of $361.4m
- Net Debt reduced by $81.0m

	Full Year FY15	% Var
Revenue	$611.1m	(4.6%)
EBITDA (exc significant items)	$163.2m	(13.1%)
NPAT (exc significant items)	$64.8m	(18.7%)
NPAT (inc significant items)	($284.9)m	3.7%
Reported EPS	(39.3) cps	6.4%
Net Debt	$506.9m	(13.8%)

Improvement from (7.3%) in H1 FY15 to (1.7%) in H2 FY15

Improvement from (18.3%) in H1 FY15 to (6.2%) in H2 FY15

HEADLINE ACHIEVEMENTS

- Regional Radio advertising revenue growth for the 4th consecutive year, up by 3.5%
- SCA Regional TV revenues outperform the market
- Regional EBITDA up 1.9%, margins up 0.7%
- Strong EBITDA to cash conversion – 100%
- Net debt reduced by $81.0m to $506.9m and net finance costs down 13.7%
- Leverage ratio reduced to 2.84x, increasing covenant headroom (covenant 3.75x)
- Declared final dividend of 3 cps

OPERATIONAL STRATEGY

Re-establish Metro Share

- Content reinvestment strategy gaining traction – positive survey results in both networks[1] – yet more work to be done
- Return of Hamish & Andy adding to audience increases across Today's Hit network
- Triple M remains #1 network for men around the country
- Continual evaluation and renewal across all stations and all key timeslots

Operational Efficiency

- Strengthening executive and management team skills and experience
- Improved focus on strategic initiatives and operations priorities – most importantly ratings growth and revenue maximisation
- Debt reduction through improved working capital management and lower financing costs
- New investment and realisation in technological efficiencies

TV Affiliation

- Ten Network Affiliation expires June 2016, planning is underway
- Improved recent ratings performances – strengthening sales enquiry

Leverage Digital

- 13.1% year on year growth in digital revenues
- Engaging quality content – well procured – is our future
- Partnered with Triton Digital to launch a2x, Australia's first digital audio advertising exchange

[1] GFK Radio Ratings, 2015

CAPITAL MANAGEMENT STRATEGY

Capital management initiatives reduced leverage ratio to 2.84x, target of 2.50x

Increased cash flow through improved debt management

- FY15 net financing costs down 13.7% and expected to be down a further 25% in FY16
- Securitisation of receivables facility delivers cash benefit of $22.2m in FY15

Cash conservation through underwritten DRP

- $43.2m in cash conserved in FY15
- DRP to continue in H1 FY16 (no underwrite)

Review of non-core assets

- $9.6m in proceeds from property divested in H2 FY15
- Group-wide review has identified other opportunities to divest non-core assets, this includes transmission sites

FY15 FINANCIAL RESULTS

NICK McKECHNIE

GROUP REPORTED STATUTORY RESULTS

$ millions	FY15	FY14	% Var. FAV/(UNFAV.)
Revenue	611.1	640.8	(4.6%)
Expenses	(447.9)	(453.0)	1.1%
Significant items – EBITDA	-	(8.1)	nm
EBITDA	**163.2**	**179.7**	**(9.2%)**
Depreciation & Amortisation	(28.5)	(27.5)	(3.6%)
Significant items - Impairment	(361.4)	(392.5)	7.9%
EBIT	**(226.7)**	**(240.3)**	5.7%
Net Finance Costs	(38.5)	(44.6)	13.7%
Significant items – Finance Costs	-	5.3	nm
PBT	**(265.2)**	**(279.6)**	5.2%
Tax	(31.4)	(36.0)	12.8%
Significant items – Tax Effect	11.7	19.6	nm
NPAT	**(284.9)**	**(296.0)**	**3.7%**

nm = not meaningful

SIGNIFICANT ITEMS

$ millions	FY15 FAV/(UNFAV.)			FY14 FAV/(UNFAV.)		
	EBITDA	Profit Before Tax	Net Profit After Tax	EBITDA	Profit Before Tax	Net Profit After Tax
Provision for onerous contracts	-	-	-	(8.1)	(8.1)	(5.7)
Impairment of intangibles and investments	-	(361.4)	(349.7)	-	(392.5)	(392.5)
Write off of unamortised borrowing costs	-	-	-	-	(5.6)	(3.9)
Resolution of tax dispute	-	-	-	-	10.9	26.4
Total Significant Items	**-**	**(361.4)**	**(349.7)**	**(8.1)**	**(395.3)**	**(375.7)**

Impairment of Regional and Metro CGU

GROUP ADJUSTED RESULTS

$ millions	FY15	FY14	% Var. FAV/(UNFAV.)
Revenue	611.1	640.8	(4.6%)
Expenses	(447.9)	(453.0)	1.1%
EBITDA	**163.2**	**187.8**	(13.1%)
Depreciation & Amortisation	(28.5)	(27.5)	(3.6%)
EBIT	**134.7**	**160.3**	**(16.0%)**
Net Finance Costs	(38.5)	(44.6)	13.7%
PBT	**96.2**	**115.7**	**(16.9%)**
Tax	(31.4)	(36.0)	12.8%
NPAT	**64.8**	**79.7**	**(18.7%)**

- EBITDA down 13.1% from reduced ratings and revenue in Metro radio
- NPAT decline 18.7% impacted by higher effective tax rate and marginally higher depreciation

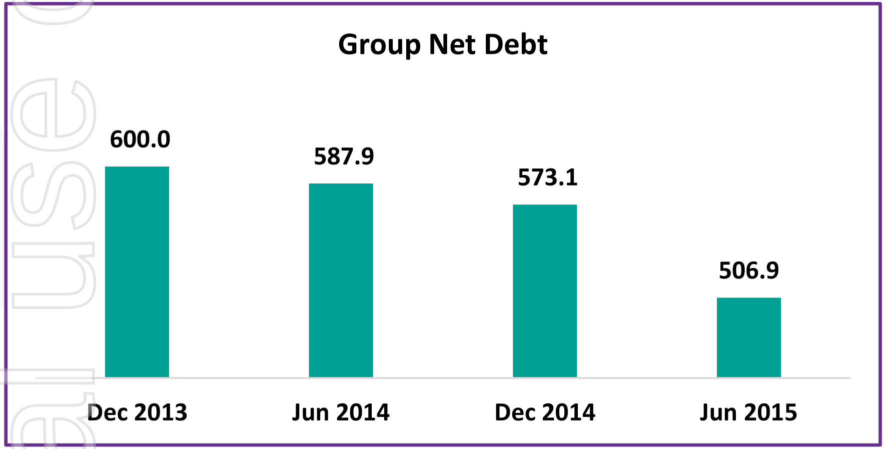
CASHFLOW

$ millions	FY15
Opening Cash	**62.1**
Cash from Operations	163.0
Payments for Non - Current Assets	(28.4)
Proceeds from divestment of non core assets	9.6
Net Financing Payments	(41.1)
Proceeds from receivables securitisation	22.2
Tax Payment	(44.3)
Closing Cash Balance	**143.1**
Reported EBITDA	163.2
Operating Cash Conversion	**100 %**

- Strong conversion of EBITDA to cash – 100%
- Refinancing benefits realised – net financing payments down $12.6m on FY14
- Underwritten DRP has delivered returns to shareholders whilst conserving $43.2m cash

DEBT FACILITIES

$ millions	June 2015	June 2014
Drawn Debt	**650.0**	**650.0**
Less Cash	(143.1)	(55.6)
Net Debt (Borrowing Group)	**506.9**	**594.4**
Net Debt (Group)	506.9	587.9



- Further reduction in Net Debt
  - $87.5m reduction in Borrowing Group Net Debt
  - $81.0m reduction in Group Net Debt
- Receivables facility, asset divestment and strong ordinary operating cash flows contribute to net debt reduction

Net Debt	$m's
At 1 July 2014	**587.9**
Net cash flow from ordinary activities (ordinary operating, financing and investing)	(63.2)
Proceeds from divestment of non core assets	(9.6)
Proceeds from receivables securitisation	(22.2)
Non-recurring tax settlement	14.0
At 30 June 2015	**506.9**

FACILITIES SUMMARY

Receivables Facility

- Trade receivables sold to lender, improving working capital
- $22.2m balance at 30 June 2015
- 2 year, non-recourse facility
- Excluded from net debt due to non-recourse nature
- Lower cost of funding than senior facility

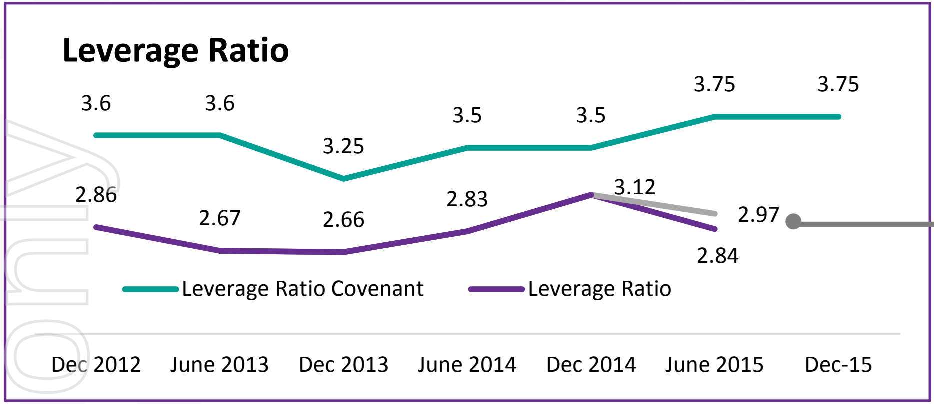
Term Facility

- $80m repaid in July 2015 from available cash, still available for redraw

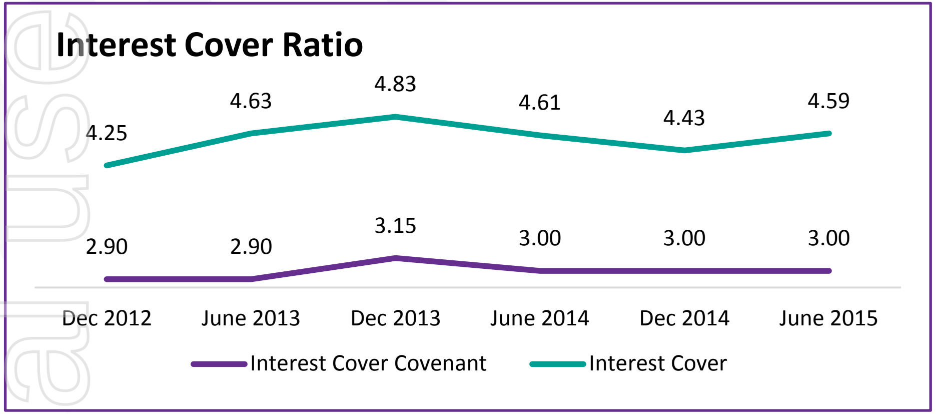
$ millions	FY15		FY14	
	Drawn	Undrawn	Drawn	Undrawn
Term Debt Facility (matures Jan 2019)	650.0	-	650.0	-
Working Capital Facility (cancelled in 2015)	-	-	-	50.0
Total Term Debt	**650.0**	**-**	**650.0**	**50.0**
Cash balance (borrowing group)	(143.1)		(55.6)	
Net Debt (borrowing group)	**506.9 (lvr 2.84x)**		**594.4 (lvr 2.83x)**	
Receivables Facility (matures June 2017)	22.2	42.8	-	-

COVENANTS

Leverage ratio excluding securitisation of receivables



- Leverage ratio peaked in December 2014 and now reducing
- Partial securitisation of receivables has accelerated quantum of leverage reduction
- Temporary increase in leverage ratio covenant and reduced net debt have created headroom of 0.9 times at June 2015



- Lower net debt, reduced fixed and variable rates and leverage ratio improvements are all contributing to lower net finance costs
- FY16 net finance costs now expected to be in range of $28m to $30m, approximately 25% lower than FY15
- Reduced net finance costs will further improve interest cover ratio

OPERATIONAL REVIEW

NICK McKECHNIE

OPERATIONAL REVIEW

$ millions	FY15	FY14	% Variance FAV/(UNFAV.)
Regional Revenue	361.6	363.1	(0.4%)
Metro Revenue	224.1	248.7	(9.9%)
Corporate Revenue	25.4	29.0	(12.4%)
Total Revenue	**611.1**	**640.8**	**(4.6%)**
Regional Expenses	(246.9)	(250.5)	1.4%
Metro Expenses	(166.3)	(175.5)	5.2%
Corporate Expenses	(34.7)	(27.0)	(28.5%)
Total Expenses	**(447.9)**	**(453.0)**	**1.1%**
Regional EBITDA	114.7	112.6	1.9%
Metro EBITDA	57.8	73.2	(21.0%)
Corporate EBITDA	(9.3)	2.0	nm
Total EBITDA	**163.2**	**187.8**	**(13.1%)**

nm = Not meaningful

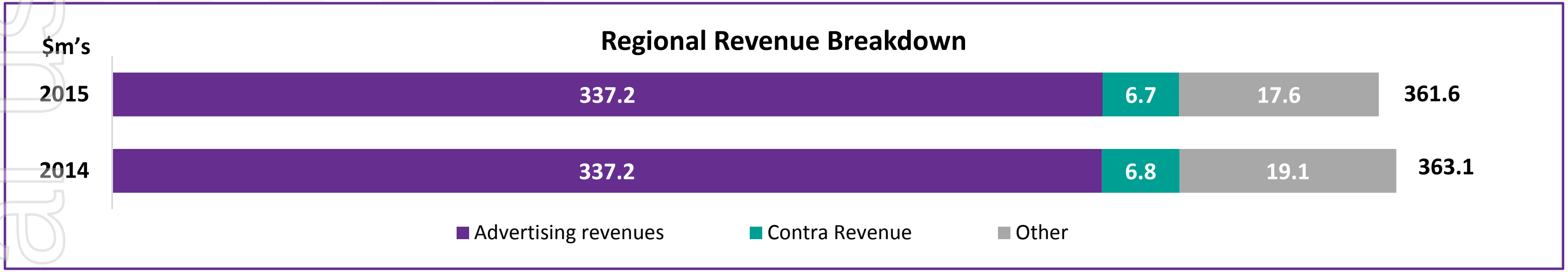
REGIONAL – TV AND RADIO

$ millions	FY15	FY14	% Variance FAV/(UNFAV.)
TV	202.3	208.4	(2.9%)
Radio	159.3	154.7	3.0%
Total Revenue	**361.6**	**363.1**	**(0.4%)**
Broadcast & Production	(85.5)	(87.5)	2.3%
Employee	(65.4)	(64.5)	(1.4%)
Selling, General & Admin	(96.0)	(98.5)	2.5%
Total Expenses	**(246.9)**	**(250.5)**	**1.4%**
EBITDA	**114.7**	**112.6**	**1.9%**
EBITDA Margin	*31.7%*	*31.0%*	

Reg TV: Better than market performance – led by stronger local sales

Radio: Year on year growth in both national and local sales

Diversification of assets supports market position



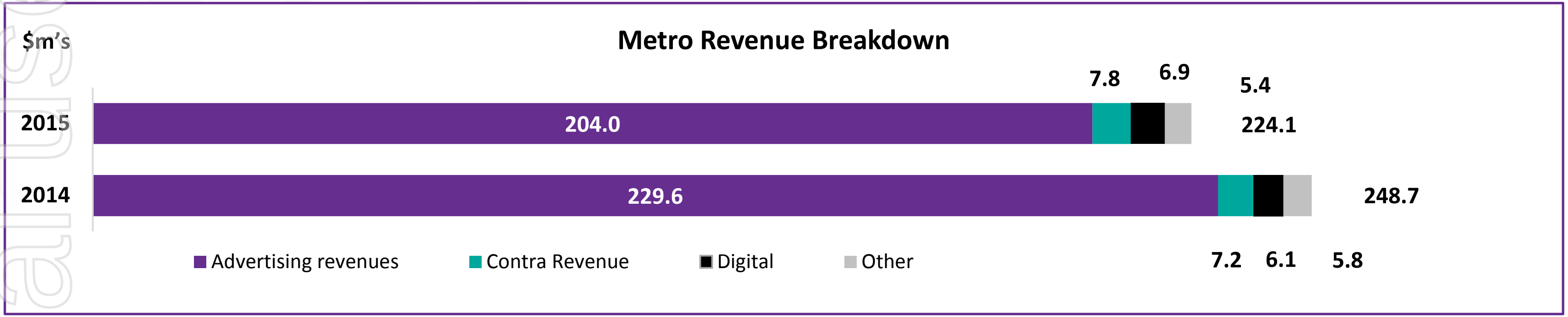
METRO RADIO

$ millions	FY15	FY14	% Variance FAV/(UNFAV.)
Total Revenue	**224.1**	**248.7**	**(9.9%)**
Broadcast & Production	(19.1)	(21.8)	12.4%
Employee	(69.7)	(72.0)	3.2%
Selling, General & Admin	(77.5)	(81.7)	5.1%
Total Expenses	**(166.3)**	**(175.5)**	**5.2%**
EBITDA	**57.8**	**73.2**	**(21.0%)**
EBITDA Margin	*25.8%*	*29.4%*	

Growth in Triple M network partially offset Today's Hit Network decline

Digital revenues continue to grow at +13.1%

Cost base – better cost performance mitigates revenue decline



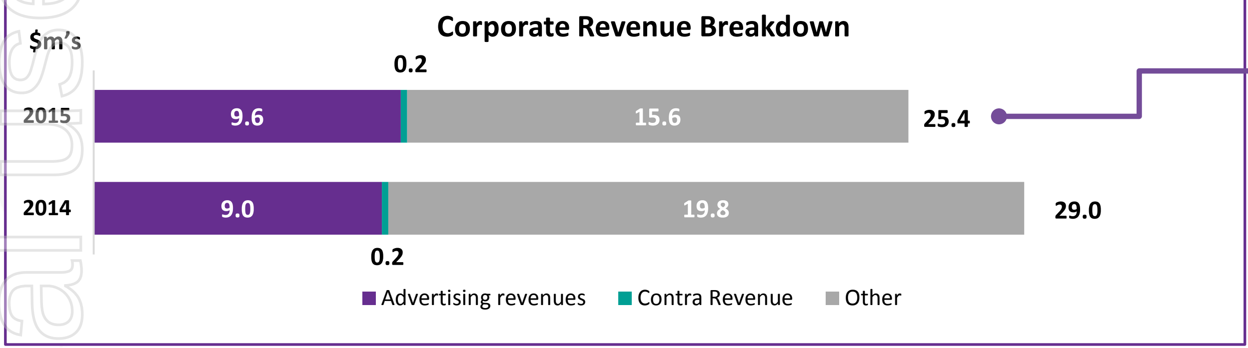
CORPORATE

$ millions	FY15	FY14	% Variance FAV/(UNFAV.)
Total Revenue	**25.4**	**29.0**	**(12.4%)**
Broadcast & Production	(3.1)	(2.9)	(6.9%)
Employee	(34.1)	(32.7)	(4.3%)
Selling, General & Admin	2.5	8.6	(70.9%)
Total Expenses	**(34.7)**	**(27.0)**	**(28.5%)**
EBITDA	**(9.3)**	**2.0**	**nm**

Corporate costs – management changes

Selling, General and Admin is net of cost recovery charge to Metro and Regional

FY16 forecast to be similar to FY15 position



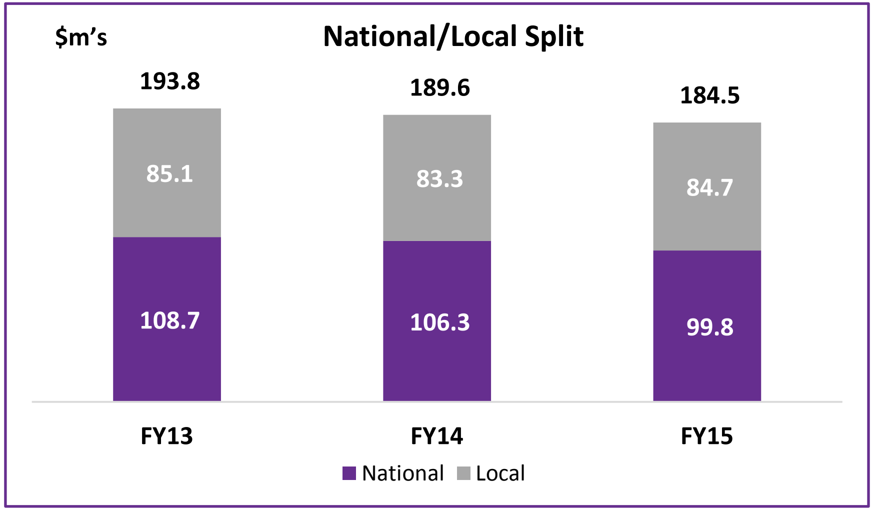
Other revenue has declined due to no further material government funded projects

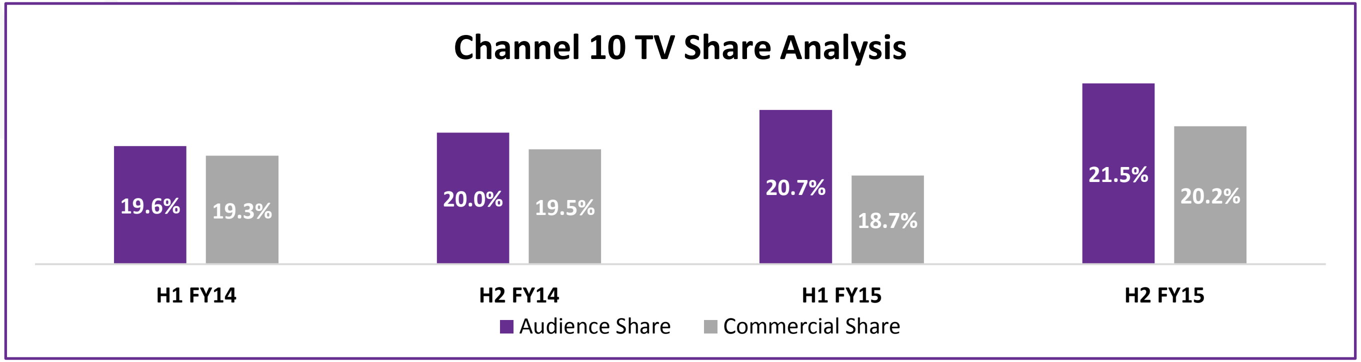
ADVERTISING REVENUE ANALYSIS

NICK McKECHNIE

REGIONAL TV ADVERTISING REVENUES
(EXCLUDES CONTRA AND OTHER REVENUE)

- SCA TV revenue outperformed market; market decline 4.5% whilst TV revenues were back 2.7%
- Strong and stable local clients supported by special events to drive local TV revenues – revenue up 1.6% with power ratio of 1.12
- Improving ratings and revenue share for Channel 10 – ratings up 1.1 share points
- Normal lag effect of translating to commercial share, but improving power ratio in H2 FY15

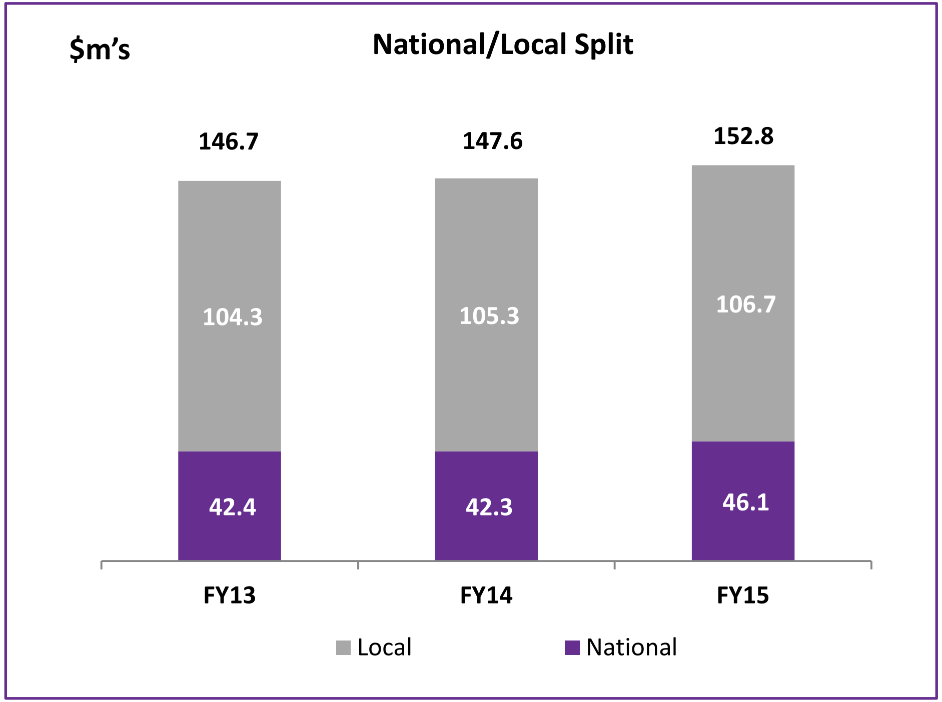




REGIONAL RADIO ADVERTISING REVENUES

(EXCLUDES CONTRA AND OTHER REVENUE)

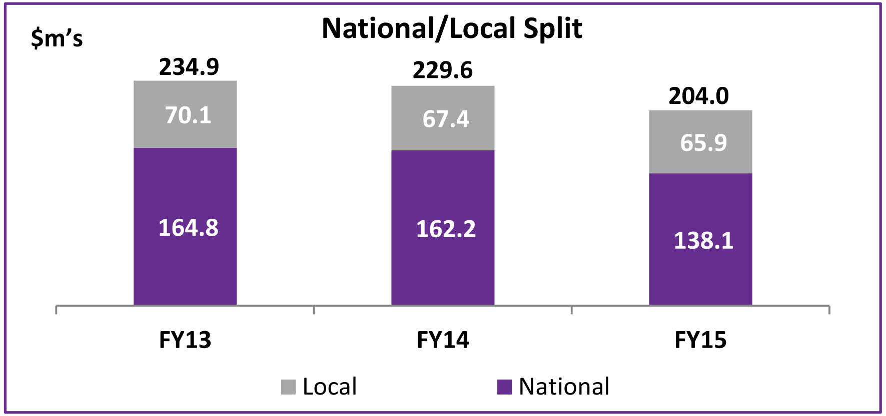
- Regional Radio continues to perform strongly with revenues up 3.5%
  - National revenue strong across all regions; up 8.9%
  - Local revenues consistent; up 1.3%
- Consistent performance from a diverse revenue base delivers stable high margin earnings

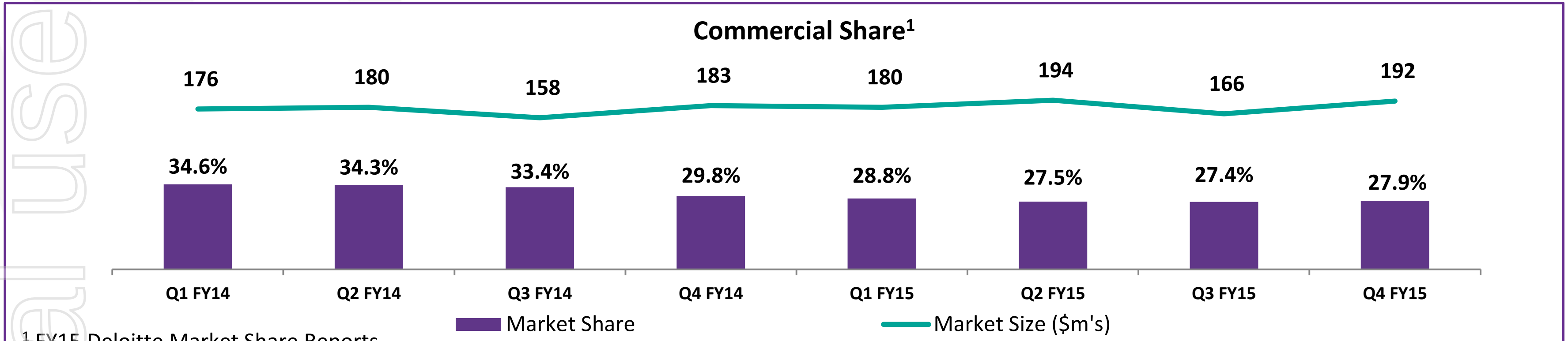


METRO RADIO ADVERTISING REVENUES

(EXCLUDES CONTRA AND OTHER REVENUE)

- Metro Radio markets were strong at +5%, SCA share stabilised at 28%
- Steps being taken to improve monetisation of ratings through a better multi-layered sales strategy
- Investment in content should further improve ratings and positively influence revenue performance

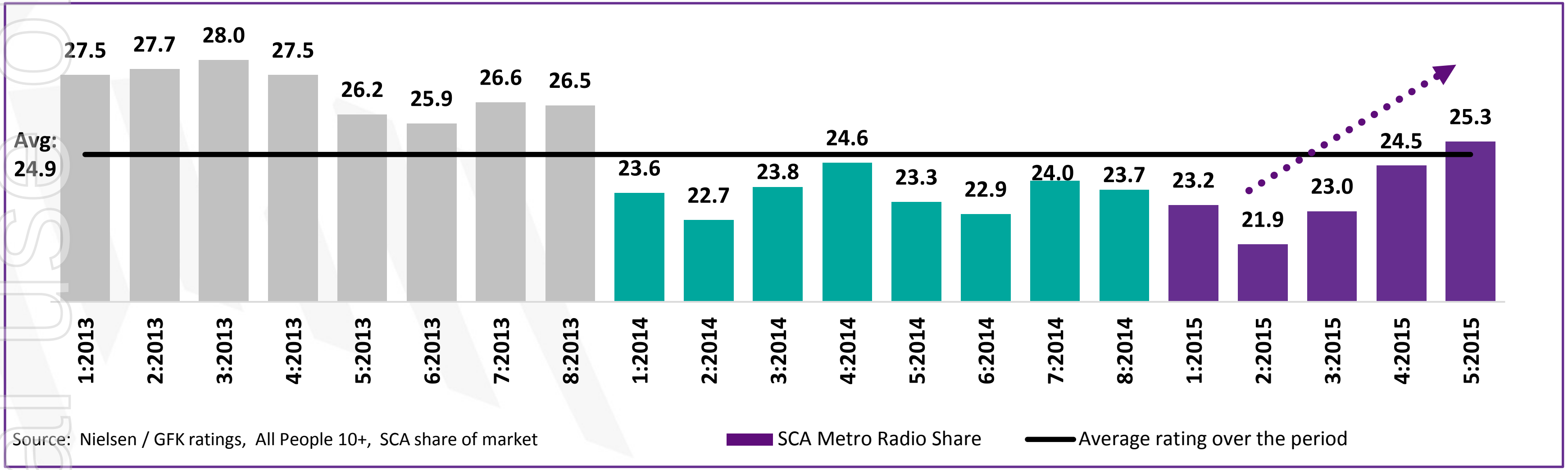




[1] FY15 Deloitte Market Share Reports

METRO SURVEY RESULTS

- Strategy for re-establishment of metro assets as leading brand in market is gaining momentum with consistent ratings improvement over last 3 surveys
- Multi- layered investment across both brands will continue
- Survey 5 – includes only partial impact of Hamish & Andy on Hit Network



OUTLOOK & SUMMARY

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FY16 OUTLOOK

REGIONAL

- Regional radio has started positively, continuing trend of year on year growth
- TV markets remain challenged, although increased consistency and growth in Channel 10 is beneficial

METRO RADIO

- Expecting 5% year on year revenue growth in Q1
- Positive ratings momentum increasing forward demand

OPERATING COSTS AND EBITDA

- Forecasting CPI-like increases to cost base inclusive of content investment
- H1 FY16 EBITDA expected to be flat on H1 FY15 yet inclusive of rising content and marketing costs
- Forecast mid-single digit EBITDA growth in H2 FY16

SUMMARY

- High quality set of diversified media assets provide platform for growth
- Strengthened Executive and Management team with renewed focus on sales strategy and market leading content
- Continual investment in programming to re-establish Today's Hit Network, whilst maintaining steady growth in the Triple M Network
- Ongoing execution of capital management strategy to deliver reduced gearing metrics
- Lower financing costs will benefit NPAT, cash flow and debt serviceability
- Looking forward – SCA is focused on a multi-tiered drive to greater efficiency and profitability through a combined strategy of investment in content, monetisation of ratings and re-engineering of operations

THANK YOU

QUESTIONS

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