



SOUTHERN CROSS AUSTereo
absolutely engaging

Southern Cross Media Group Limited

ABN 91 116 024 536

Level 2, 257 Clarendon Street
SOUTH MELBOURNE VIC 3205
AUSTRALIA

Telephone +61 3 9252 1019
Fax +61 3 9252 1270
Internet www.southerncrossaustereo.com.au

29 October 2015

ASX RELEASE

Chairman's and CEO's addresses to AGM

Southern Cross Media Group Limited (ASX:SXL) will hold its Annual General Meeting of shareholders today at 11:00am at Level 15, 50 Goulburn Street, Sydney.

The addresses to be given by the Chairman and the Chief Executive Officer at today's AGM, along with the accompanying slide presentation, are attached.

For further information, please contact:

Nick McKechnie
Chief Financial Officer
Tel: 03 9252 1020

Tony Hudson
Company Secretary
Tel: 03 9252 1013

Good morning and welcome.

This is my first AGM as a director and Chairman of your Company, having joined the Board in February this year. My first nine months has seen ongoing significant change in the industry as new technology platforms impact and disrupt traditional media and asset ownership change on an almost weekly basis! Further developments are assured with potential changes in media regulations and further ownership manoeuvring. This will create both opportunity and challenge for Southern Cross and I can assure you that maximising our future position is the key focus of the board and management.

To put ourselves into the best possible position in this environment, the board, management and our advisers have been working towards establishing a clear understanding of our strategic options and bringing several streams of activity to fruition. Neither I nor the board have any illusions about the challenges this industry is throwing up, and are working to respond proactively as changes emerge.

I would like, at this point, to acknowledge the contribution made to this business by Rhys Holleran. Rhys stepped down as CEO in May this year after 18 years' service as a leader of the business in its various forms. During that time, he built highly recognised national brands and a sound platform for the business to grasp the opportunities that lie ahead. On a personal note, I would like to record my appreciation for Rhys's assistance in the transition to new leadership.

Turning now to the group's results for the 2015 financial year, shareholders will have noted the impairment charges of \$361.4 million made against the carrying value of the group's metropolitan and regional assets. \$276.5 million of these charges related to our metropolitan assets, reflecting lower forecasts for growth in radio advertising markets and in the target market share for our metropolitan network. The impairment charge of \$84.9 million against the carrying value of our regional assets reflects further reductions in independent forecasts of television industry growth rates. This is despite a generally improved outlook for Channel Ten's audience and market share, and solid performance by our regional radio business. Regional radio in fact achieved 3.5% growth in advertising revenue.

As a result of these impairment charges, the group recorded a net loss after tax of \$284.9 million. Excluding significant items, net profit after tax was \$64.8 million.

The Board has declared a final dividend of 3 cents per share, taking the full year dividend to 6 cents per share, fully franked. The payout ratio of 67% of earnings per share excluding significant items is within the 60-70% range that the Board has maintained for several years. The DRP has been maintained and we continue to receive strong support from our shareholders with over 60% participation.

The group has made good progress in improving our balance sheet, implementing our capital management strategy, which aims to reduce the leverage ratio to 2.5 times EBITDA. Initiatives completed or under way include review and disposal of non-core assets, improved debt management, operation of a non-recourse receivables financing facility and conservation of cash through underwriting of the group's dividend reinvestment plan. These initiatives saw net debt reduced during the year by \$87.4 million to \$506.9 million and, at 30 June, our leverage ratio stood at 2.84 times. As a result, the Board has determined that there will be no underwriting of the DRP for the final dividend to be paid on 4 November.

For the year to 30 June, total regional revenue from our more than 70 regional radio stations and 20 television licences was flat at just over \$360 million and EBITDA of \$114 million was 1.9% ahead of the previous year. This result was underpinned by the consistent performance of the regional radio business and, to a lesser extent, by improvements in Channel Ten programming and audience share. These improvements saw us, compared to 2014, capture a relatively higher share of the regional television advertising market.

The Metro business consists of two complementary radio brands operating in Australian capital cities. The Triple M network targets men in the 25 to 54 demographic and The Hit Network targets the 18 to 39 age bracket, with a skew to females.

Overall, the metropolitan free to air radio market grew by 5% during the year, but the group's share declined by just over five percentage points to 27.8%.

The Triple M network continued to strengthen its audience share during the year and was the most listened to network in Australia for men in its target demographic.

On the other hand, The Hit Network suffered a significant drop in market share during the year. This was due to the loss of high profile talent and the intensity of competition for the 18 to 39 demographic, particularly in the largest markets of Sydney and Melbourne.

Regenerating The Hit Network is a core focus. This has included its rebranding from its former name of the Today Network and refreshing its on-air talent. The "Fifi and Dave" breakfast show has maintained its number two FM position in Melbourne behind Triple M's "Hot Breakfast", while Hamish and Andy have rapidly returned to number one in the Melbourne Drive shift and are improving the Drive shift ratings in other capital cities. Our CEO, Grant Blackley, will outline other steps under way to recover the ground lost by the Sydney breakfast show in 2014 and to regenerate the Hit Network more broadly.

We continue to be one of Australia's leading online publishers through our portfolio of websites and social media. Our substantial digital footprint helps to build and reinforce our radio listeners' engagement with their favourite shows and personalities. Digital revenues grew by 13% in the year and the company sees opportunities for further growth.

We support and build relationships with the diverse communities in which we operate. Our radio and television stations have Australia's largest media broadcast footprint covering up to 95% of Australia's population. Our staff are proud to support many charitable activities, including fundraising and volunteer work. Principal among these are "Give Me 5 for Kids", which raised \$2.5 million this year, and the Southern Cross Austereo "I Believe in Christmas" appeal, which collected over 20,000 toys that were distributed by the Salvation Army to needy families and children in regional Australia.

I would also like to mention a special programme called "Press Pause" that was recently put to air on The Hit Network. The three hour programme discussed the issues of mental illness and media ethics. The programme was in response to an undertaking arising from ACMA's findings earlier this year in relation to the Royal Prank broadcast in October 2013. ACMA only required us to produce and air the programme on 2DayFM; however we decided to broadcast it nationally across The Hit Network and all our regionally aligned stations. The show was run commercial-free, but airtime was donated to a number of community organisations helping youth to deal with mental health issues. Across our network, we are also rolling out ethics training to support community values and improve decision-making throughout the organisation.

The Board has undergone a significant process of renewal over the past year. In addition to the three new directors who were appointed at last year's AGM, a further three of us who have joined the Board since last year's AGM are up for election at today's meeting and our two longest standing directors have also offered themselves for re-election. At this time, I think the Board is appropriately equipped with relevant skills and experience to effectively guide the business. However, as the media industry landscape continues to evolve, I have no doubt that board composition will evolve with it.

Leaving aside my own position, I ask that you support each of the other directors presenting for election or re-election today.

Finally, I would like to express the Board's thanks to the talented and committed staff of Southern Cross Austereo. I have discovered a blend of passion, skill and experience amongst the team that I'm confident will make the engaging content that our audiences want, and that delivers value to our advertisers and to our shareholders.

I would now like to introduce Grant Blackley.

Grant joined us as CEO and Managing Director in June. His media career spans over 30 years, including 24 years in a wide range of roles with the Ten Network, the last five of those as CEO. This experience brings with it the benefits of extensive knowledge and networks in the media industry. At the time of appointing Grant as CEO, the Board particularly identified the reinvigoration of Southern Cross Austereo's sales strategy, programming and talent management as key priorities. As I mentioned at the outset, the Board also urgently needed to be in a position to respond to the challenges and opportunities that could flow from changes in media regulation and ownership – a challenging set of priorities for the new CEO.

It's clear that Grant is making early progress on all of the Board's priorities and has galvanised his management team to the task. There is a new sense of energy and expectation in the company, that in time will I believe translate into improved performance. I'd like to invite Grant to provide an update on the group's current trading.

Peter Bush
Chairman
29 October 2015

Thank you Chairman.

This is my first AGM for the Southern Cross Austereo Group and I'm delighted to have been provided the opportunity by the Board to lead the Group. With a large number of metropolitan, and regional radio stations, a regional television network and related digital products, SCA's high quality set of assets operate well in a diversified media environment reaching a combined audience of more than ten million Australians every week.

My role will be to deliver to the shareholders a consistent improvement in the operating and financial performance of the Group.

I first want to touch on the key aspects of the operational strategy that have been implemented since I joined the group in July of this year.

A clear priority is to return the business to a market leading position in metro radio. The process of reinvesting in talent started earlier in the year and I am pleased with the positive growth in audiences that has occurred over the last four surveys and with the positive impact from the return of Hamish and Andy to national drive in July.

That said, Sydney remains a pivotal market for the group where the performance of the Hit Network is below our expectations. In addressing this we have made a further investment in talent with the appointment of Rove McManus to the 2DAY breakfast show. Rove is one of Australia's leading entertainers and we are delighted that he has decided to return to radio in Australia. Our team is close to confirming Rove's co-host and then announcing the date for launch of the new show. We look forward to seeing the results of that investment build over time.

However, it's not all about Sydney and the Hit Network. Triple M continues to demonstrate consistent growth and it is the number one station for men aged 25-54 – we will continue to ensure it remains number 1 and builds on its dominance. We will also continue to evaluate all timeslots and programming across both networks to ensure we are doing the utmost to constantly improve the appeal of all our stations.

Since joining Southern Cross Austereo I have strengthened the executive team and created a concise structure with clear accountability and focus on operational improvement. We are focused on bringing together our four businesses of television, metropolitan radio, regional radio and digital into a more cohesive single company that leverages its expertise, talent, scale and wide reach.

A vital and major part of our financial health will be to improve the monetisation of all our assets. We are pleased that Brian Gallagher joined us as Chief Sales Officer in July to create a point of focus for our sales efforts across all media types. We have introduced a single currency and yield strategy and we are starting to see the results as will be seen when I take you through the trading update.

Southern Cross Austereo now has a clear sales and content focus – which is what I call the front of house. Conversely the back of house strategy is to evaluate and invest in those areas that support the business of content and monetisation - which include embracing technological solutions that enable us to operate more efficiently - as well as reviewing all non-core assets such as land and buildings that are not core to the group's operations.

Moving specifically to our TV affiliation contract with the Ten Network – this contract expires in June 2016 and we are continuing to develop our strategic thinking for ways in which we can improve the performance of our television assets going forward.

In regard to our Regional Radio assets – we are seeking to align these assets more closely with our Metropolitan strategy more often – while ensuring that we maintain our local focus on news, events, and the community.

Finally, we are constantly looking at ways that we can grow the amount of premium audio and video content for distribution across our web and mobile platforms. These assets command a premium and our challenge is to increase the volume of content produced to take advantage of the strong demand for this style of content.

Moving on I will now discuss our trading performance for the first quarter and our outlook for the first half. I'm able to report that we are expecting total revenues in the first half to increase by 2.5 to 3.5% against the prior year and pleasingly that we expect growth in all asset classes.

The metropolitan radio market has shown strong growth of just under 9% in the first quarter and our forward bookings give us confidence that revenues for the first half will be up 7- 8% compared to last year.

Regional radio continues to grow and we expect revenue growth of 3-4% in the first half. Pleasingly, our local markets are providing a high level of consistency with 70% of the regional radio revenue being locally driven – and this is outpacing our national growth.

In television, the regional markets continue to be challenging but we are expecting a small increase in revenue in the first half due to improved audiences for our Network 10 channels. National revenues are growing while local markets are flat. This is despite the impact of cycling through a stronger period last year with the Commonwealth Games in August 2014.

At the August results presentation we forecast first half EBITDA performance to be flat on the prior year as the investment in talent was forecast to offset the early revenue growth from those investments. However, we are pleased to report that with the slightly improved revenue growth across all our asset classes - and the strong radio market growth - we are now expecting first half EBITDA performance to be \$87 - \$89 million, representing growth of 2% to 4% on the first half of last year.

In conclusion I am pleased by the progress that has been made in recent months but there is more work to be done as we seek to step change the performance of our assets through continued focus on our networks and on the way we trade our assets.

Thank you for your attention. I will now hand back to the Chairman.

Grant Blackley
Chief Executive Officer and Managing Director
29 October 2015

al use only

SOUTHERN CROSS AUSTEREO

ANNUAL GENERAL MEETING
29 OCTOBER 2015



SOUTHERN CROSS AUSTEREO
absolutely engaging

AGENDA

1. Chairman's overview
2. CEO's report
3. Formal business
4. Closure of meeting

BOARD AND MANAGEMENT

BOARD

Peter Bush, Chairman

Leon Pasternak, Deputy Chairman

Grant Blackley, Managing Director

Chris de Boer

Glen Boreham

Kathy Gramp

Peter Harvie

Rob Murray

Helen Nash

MANAGEMENT

Nick McKechnie, CFO

Tony Hudson, Company Secretary

CHAIRMAN'S OVERVIEW

PETER BUSH



CEO'S REPORT GRANT BLACKLEY



OPERATING UPDATE

Strategy to improve operating performance is gaining traction

- Re-establish leading position in radio markets:
 - Investment strategy continues, with Sydney breakfast show on the Hit Network, 2DAY FM
 - Steady increases in commercial audience share across the network over the last 4 surveys
 - Continuing evaluation of all shows and timeslots to drive further improvements
- Improve operational efficiency
 - Executive team structure strengthened – focussed on operational improvement
 - Sales monetisation strategy gathering momentum – improving yield strategy
 - Realisation of technological efficiencies
 - Disposal of non-core assets
- TV affiliation contract planning
- Advancing plans to procure more premium audio and video content
 - Integrated creative model across all assets
 - Increase inventory for high-growth web and mobile assets

TRADING UPDATE

H1 Guidance – Forecasting revenues up 2.5 - 3.5%, with growth in all assets

- **Metro radio revenues to be up 7-8% in H1**

- Strong Metro radio markets: up +8.8% in September quarter
- Triple M Network continues to grow share
- Hit Network revenues improving on back of recent rating gains

- **Regional radio revenues to be up 3-4% in H1**

- Local markets outpacing national

- **TV Revenues up ~1.0%**

- National TV revenues up YoY whilst local is flat as we cycle prior year comparatives (Comm Games in Q1 2014)
- TV markets challenging but audience shares up YoY on the back of Network Ten's improving programming and ratings

H1 EBITDA expected to be \$87 - \$89 million, up 2.0 – 4.0% on prior year

- H1 Guidance upgraded from forecast of 'flat' growth provided in August 2015
- Total revenues slightly impacted by non recurring rental income in H1 FY15

mal use only

FORMAL BUSINESS

PETER BUSH



SOUTHERN CROSS AUSTERED
absolutely engaging

PROXIES

- Proxies received for 648,247,780 shares
- Number of shareholders 383
- Representing 86.02% of the company's issued voting capital



FORMAL BUSINESS

Resolution 1: Election of Peter Bush as a Director

That Peter Bush be elected as a Director of SCMGL

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	644,503,885	2,684,457	320,916	1,059,438
% of Votes cast	99.43	0.41	-	0.16



FORMAL BUSINESS

Resolution 2: Election of Helen Nash as a Director

That Helen Nash be elected as a Director of SCMGL

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	646,355,842	981,471	173,445	1,057,938
% of Votes cast	99.69	0.15	-	0.16



FORMAL BUSINESS

Resolution 3: Election of Grant Blackley as a Director

That Grant Blackley be elected as a Director of SCMGL

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	646,828,602	484,149	198,007	1,057,938
% of Votes cast	99.77	0.07	-	0.16



FORMAL BUSINESS

Resolution 4: Re-election of Peter Harvie as a Director

That Peter Harvie be re-elected as a Director of SCMGL

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	644,938,245	2,395,993	142,618	1,091,840
% of Votes cast	99.46	0.37	-	0.17



FORMAL BUSINESS

Resolution 5: Re-election of Chris de Boer as a Director

That Chris de Boer be re-elected as a Director of SCMGL

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	641,957,517	5,358,969	151,705	1,100,505
% of Votes cast	99.00	0.83	-	0.17



FORMAL BUSINESS

Resolution 6: Approval of FY16 LTI grant to Managing Director

For the purposes of ASX Listing Rule 10.14, and all other purposes, that approval be given for the grant of 491,803 Performance Rights to the Company's Chief Executive Officer and Managing Director, Grant Blackley, under the Company's Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	643,845,990	2,473,525	294,575	1,034,606
% of Votes cast	99.46	0.38	-	0.16



FORMAL BUSINESS

Resolution 7: Adoption of Remuneration Report

That the Remuneration Report included in the SCMGL Directors' Report for the financial year ended 30 June 2015 be adopted

Proxies Received	For	Against	Abstain	Open Proxies
# of Votes cast	643,852,448	2,441,428	302,990	1,051,830
% of Votes cast	99.46	0.38	-	0.16



FORMAL BUSINESS

Poll on all resolutions

- Returning officer: Antony Tolfts, Computershare
- Scrutineer: Sam Loble, PricewaterhouseCoopers
- Complete yellow voting card; follow instructions on the card
- Return yellow voting card to Computershare
- Results published later today on ASX and Company website (www.southerncrossaustereo.com.au)





MEETING CLOSE



SOUTHERN CROSS AUSTEROD
absolutely changing 18