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SOUTHERN CROSS AUSTEREO

H1 FY16 INVESTOR PRESENTATION

22 FEBRUARY 2016



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H1 FY16 RESULTS



GRANT BLACKLEY



RESULTS SUMMARY

- Revenue up 4.7% with all media assets delivering revenue growth
- Turnaround strategy delivers 6.5% EBITDA growth
- EBITDA includes \$2.4m in income from one off events, normalised EBITDA up 3.7%
- NPAT up 25.1%, growth aided by \$7m reduction in finance costs
- Net debt reduced to \$473m, down \$101m on H1 FY15 and \$34m on FY15
- Pro forma net debt reduced to \$373m¹

	H1 FY16	% Var
Revenue	\$322.0m	4.7% ↑
EBITDA	\$91.4m	6.5% ↑
NPAT	\$43.4m	25.1% ↑
EPS	5.7 cps	16.3% ↑
Net Debt	\$472.6m	(17.5%) ↓
Pro Forma Net Debt ¹	\$372.6m	(35.0%) ↓

¹ Pro forma includes \$100m in cash from renewal of agreement with Australian Traffic Network. Refer ASX release dated 9th February 2016.

HEADLINE ACHIEVEMENTS

- SCA achieved growth across all media assets
- SCA has grown advertising share in both Metro Radio & Regional TV
- SCA continues to deliver growth in Regional Radio
- Metro radio revenue growth offsets significant investment in content
- Regional Media EBITDA up 10.0%, margins improved by 2.1 points
- Divestment and profit of \$2.4m from shareholding in non core Joint Venture
- Declared interim dividend of 3.25 cps, fully franked and fully cash-funded

OPERATIONAL TURNAROUND - HEADLINES

Improved Executive Team & Structure

- Executive restructure complete
- New structure will provide better leadership, oversight and reporting
- Restructure provides platform for improved focus on Sales, Content and Operations

Strengthening Content Platform

- Launched new Sydney breakfast show – Rove & Sam
- Launched return of Hamish & Andy to National Drive slot
- Realignment of Digital content resources – specifically Sales Content and Partnerships

Stronger Sales Monetisation

- Significantly improved and re-organised sales structure
- Acute focus on revenue maximisation and a stronger collaborative sales process
- Investment in a new talent led integrated sales tool – The Studio
- Yielding increased share and revenue in all asset classes

Review of Costs and Non Core Assets

- Divested shareholding in DMD - \$2.2m cash, \$2.4m profit
- AM radio sites sold back to operators - \$1.5m
- Ongoing review of all operational and non-core assets including transmission sites, land and buildings



H1 FY16 FINANCIAL RESULTS



NICK McKECHNIE

GROUP REPORTED STATUTORY RESULTS

\$ millions	H1 FY16	H1 FY15	% Var. FAV/(UNFAV)
Revenue	322.0	307.6	4.7%
Expenses	(230.7)	(221.9)	(4.0%)
Equity Accounted Profit	0.1	0.1	0.0%
EBITDA	91.4	85.8	6.5%
<i>EBITDA Margin</i>	<i>28.4%</i>	<i>27.9%</i>	
Depreciation & Amortisation	(14.4)	(13.6)	(5.9%)
EBIT	77.0	72.2	6.6%
Net Finance Costs	(13.5)	(20.4)	33.8%
PBT	63.5	51.8	22.6%
Tax	(20.1)	(17.1)	(17.5%)
NPAT	43.4	34.7	25.1%

- Revenue up 4.7%, growth across all areas of our business
- EBITDA up 6.5%, includes \$2.4m profit on sale of shareholding in DMD
- NPAT increase of 25.1% driven by improved operating results and reduced net finance costs

CASHFLOW

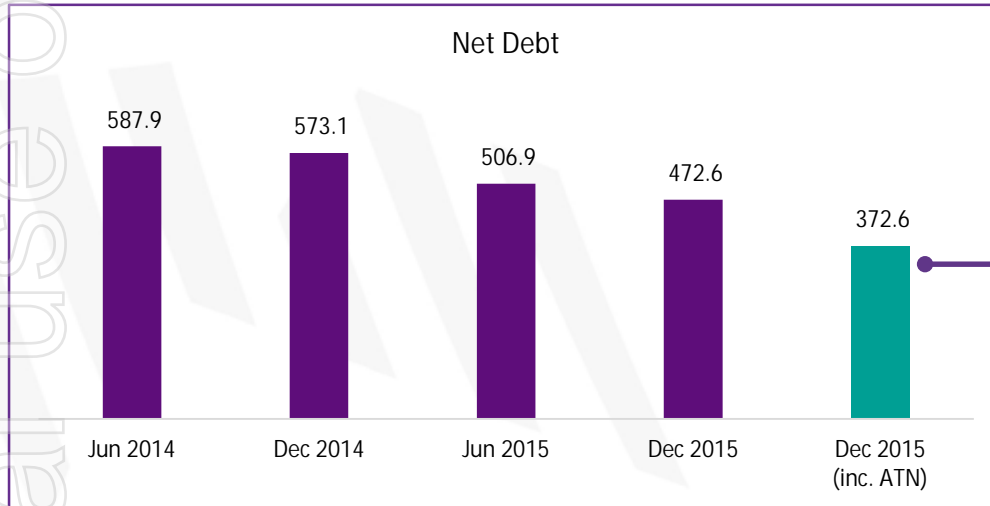
\$ millions	H1 FY16
Opening Cash	143.1
Cash from Operations	67.6
Payments for Non-Current Assets	(8.2)
Proceeds from divestment of non-core assets	3.9
Tax payment	(18.7)
Net financing payments	(16.6)
Dividends to security holders	(8.7)
Proceeds from receivables securitisation	15.0
Debt repayment	(115.0)
Closing Cash Balance	62.4
Reported EBITDA	91.4
Operating Cash Conversion	74.0%

- EBITDA to Cash Conversion of 74.0%
- Net financing payments reduced by 18.6% on H1 FY15 (\$20.4m)
- Debt repayment of \$115m, further payment of \$100m to be made by end of March 2016

DEBT FACILITIES

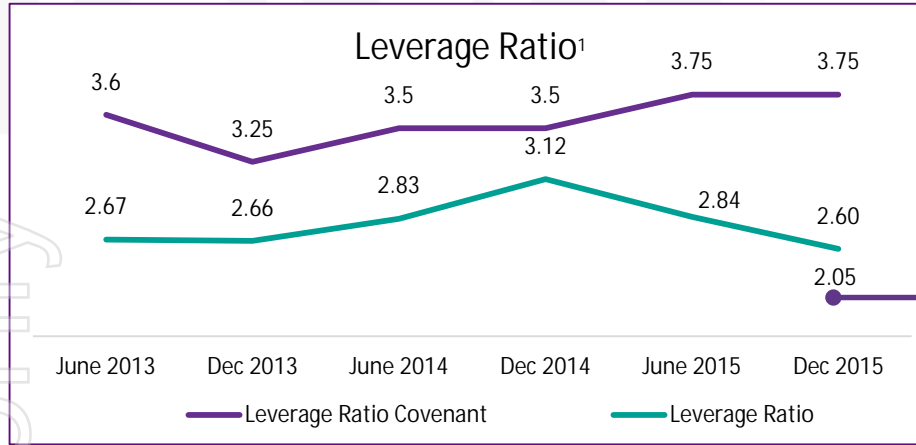
\$ millions	December 2015	June 2015
Drawn Debt	535.0	650.0
Less Cash	(62.4)	(143.1)
Net Debt (Borrowing Group)	472.6	506.9

- Reduction in Net Debt of \$34.3m in H1
- Balance of Receivables facility of \$37.2m (\$22.2m at 30 June 2015)
- Repaid \$115m with a further \$100m to be repaid by end of March 2016, \$70m available for redraw



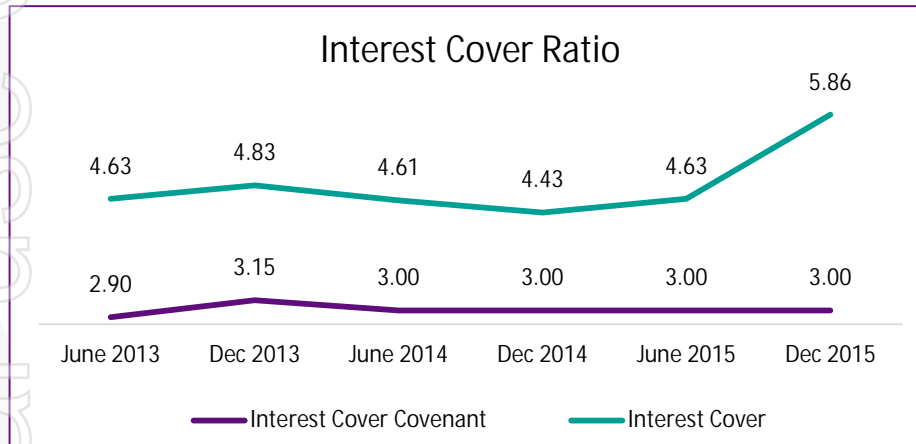
Net debt including cash receipts from ATN

COVENANTS



Leverage ratio including cash receipts from ATN

- Leverage ratio reduced to 2.60x in H1
- FY16 net finance cost now expected to be in range of \$24-\$25m, financing costs will be approximately 36% below FY15



¹ Leverage ratio calculated as: net debt / (H2 FY15 EBITDA + H1 FY16 EBITDA + \$15m)

OPERATIONAL REVIEW



OPERATIONAL REVIEW

\$ millions	H1 FY16	H1 FY15	% Variance FAV/(UNFAV)
Regional Revenue	188.5	182.6	3.2%
Metro Revenue	121.0	113.2	6.9%
Corporate Revenue	12.5	11.8	5.9%
Total Revenue	322.0	307.6	4.7%
Regional Expenses	(123.7)	(123.7)	0.0%
Metro Expenses	(91.9)	(83.0)	(10.7%)
Corporate Expenses	(15.0)	(15.1)	0.7%
Total Expenses	(230.6)	(221.8)	(4.0%)
Regional EBITDA	64.8	58.9	10.0%
Metro EBITDA	29.1	30.2	(3.6%)
Corporate EBITDA	(2.5)	(3.3)	24.2%
Total EBITDA	91.4	85.8	6.5%

METRO RADIO

\$ millions	H1 FY16	H1 FY15	% Variance FAV/(UNFAV.)
Total Revenue	121.0	113.2	6.9%
Broadcast & Production	(10.3)	(9.4)	(9.6%)
Employee	(40.2)	(35.5)	(13.2%)
Selling, General & Admin	(41.4)	(38.1)	(8.7%)
Total Expenses	(91.9)	(83.0)	(10.7%)
EBITDA	29.1	30.2	(3.6%)
<i>EBITDA Margin</i>	<i>24.0%</i>	<i>26.7%</i>	

- Market up 4.6%, SCA advertising revenues up 6.5%
- Triple M revenue up 12.5%, Hit revenue flat but trending up
- Revenue growth has already offset significant investment in content
- Natural lag effect of revenue to investment

- Expense growth the result of increased investment in content and revenue related cost increases.

REGIONAL – TV & RADIO

\$ millions	H1 FY16	H1 FY15	% Variance FAV/(UNFAV.)
TV	104.3	102.4	1.9%
Radio	84.2	80.2	5.0%
Total Revenue	188.5	182.6	3.2%
Broadcast & Production	(44.4)	(43.1)	(3.0%)
Employee	(32.5)	(32.8)	0.9%
Selling, General & Admin	(46.8)	(47.8)	2.1%
Total Expenses	(123.7)	(123.7)	0.0%
EBITDA	64.8	58.9	10.0%
<i>EBITDA Margin</i>	<i>34.4%</i>	<i>32.3%</i>	

- **Reg TV:** 4 Aggregated markets down 6.4%, SCA CH10 Revenues up 3.8%
- **Radio:** Continued growth profile driven by national (+6.2%) and local (+5.3%) sales

- Increase in revenue related costs offset by operational efficiencies

REGIONAL TV & RADIO CONTRIBUTION

\$ millions	TV	Radio
Advertising Revenues	95.3	81.4
Direct Costs*	(51.5)	(15.3)
Contribution Margin	43.8	66.1
<i>Contribution Margin %</i>	<i>46.0%</i>	<i>81.2%</i>
Total Contribution Margin	109.9	
Other Income not solely attributable to either TV or Radio	11.8	
Other Expenses not solely attributable to TV or Radio	(56.9)	
EBITDA	64.8	

*Includes licence fees, content costs, agency commissions and playout costs

Regional radio delivers higher margin contributions due to lower content and distribution costs

- Radio contribution margins of approximately 81% compared to TV at 46%
- Indirect costs for TV are higher than radio

CORPORATE

\$ millions	H1 FY16	H1 FY15	% Variance FAV/(UNFAV.)
Total Revenue	12.5	11.8	5.9%
Broadcast & Production	(1.7)	(1.4)	(21.4%)
Employee	(16.7)	(16.0)	(4.4%)
Selling, General & Admin	(10.3)	(10.5)	1.9%
Sales Commission Recharge	13.7	12.8	(7.0%)
Total Expenses	(15.0)	(15.1)	0.7%
EBITDA	(2.5)	(3.3)	24.2%

Sales Commission recharge to metro
and regional previously netted off in
Selling, General & Admin

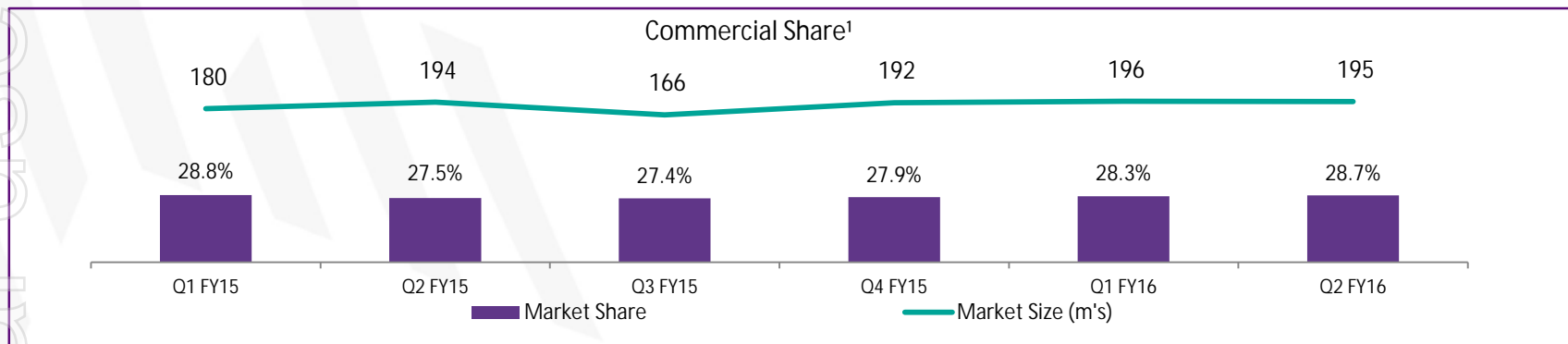
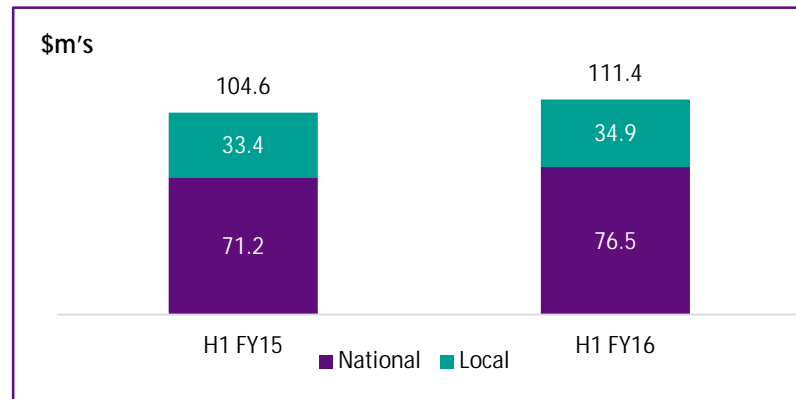
ADVERTISING REVENUE ANALYSIS



METRO RADIO ADVERTISING REVENUES

(EXCLUDES CONTRA AND OTHER REVENUE)

- Metro Radio markets were strong at +4.6%, SCA share improved to 28.7%
- Content investment driving ratings improvement

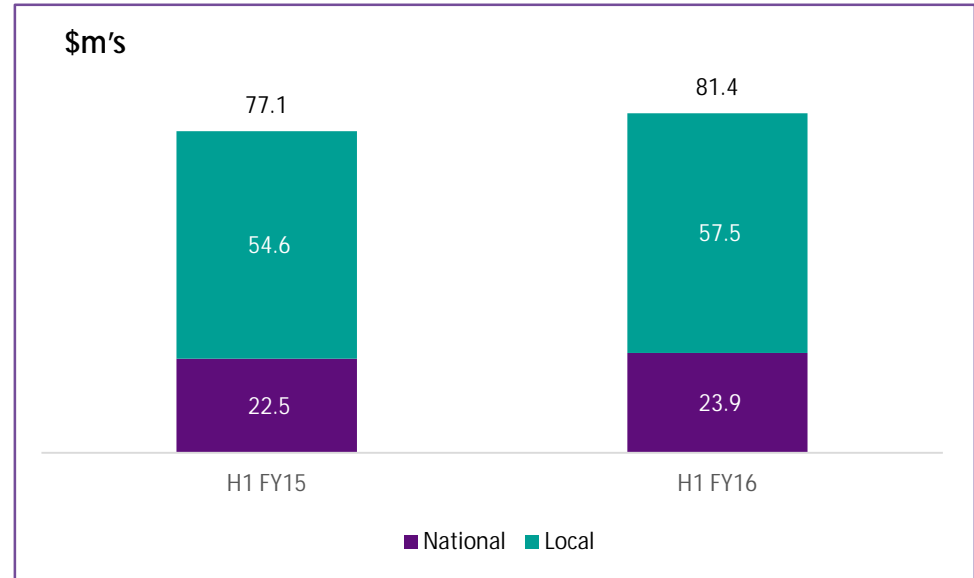


¹ Deloitte Market Share Reports

REGIONAL RADIO ADVERTISING REVENUES

(EXCLUDES CONTRA AND OTHER REVENUE)

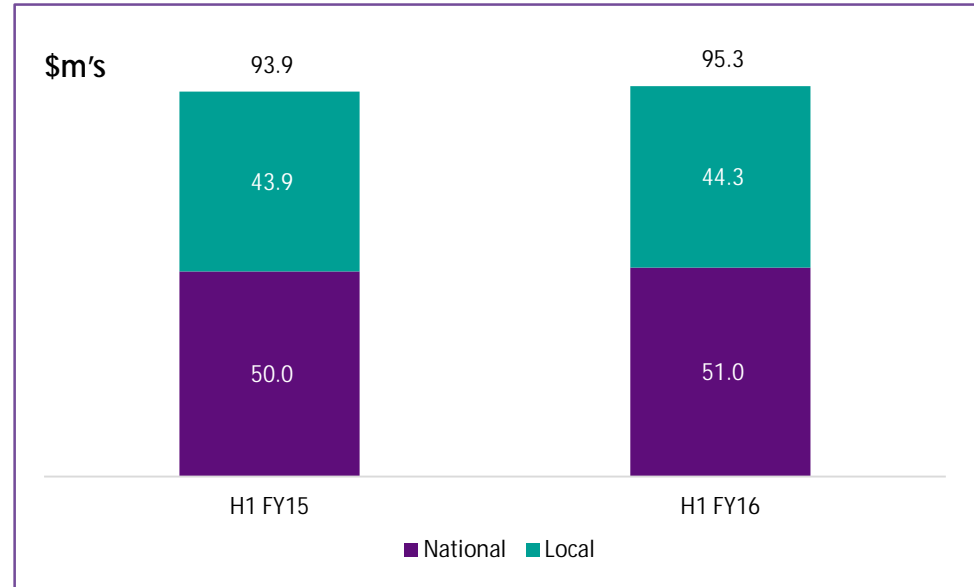
- Regional Radio continues to perform well with revenues up 5.6%
 - National revenue strong across all regions - up 6.2%
 - Local revenues remain strong and resilient with consistent improvements - up 5.3%
- Combined performance delivering a stable high margin outcome



REGIONAL TV ADVERTISING REVENUES

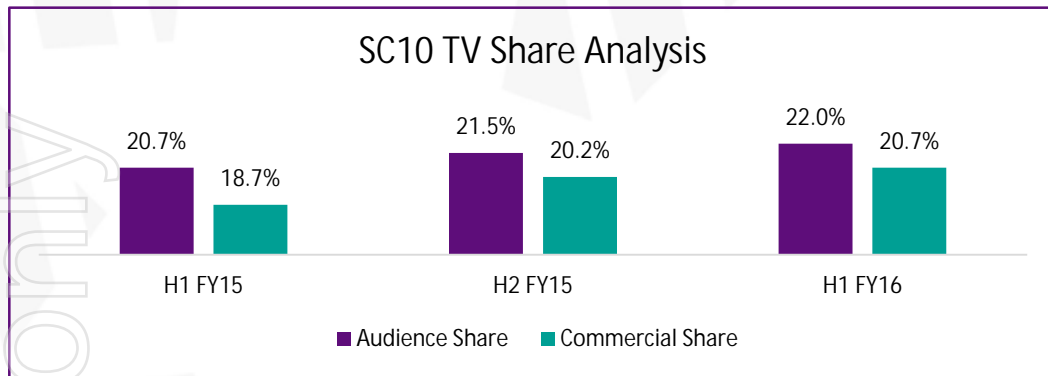
(EXCLUDES CONTRA AND OTHER REVENUE)

- Regional TV performance for Ten affiliated licenses has outperformed the market
 - SCA TV revenue from Ten affiliated licenses increased 3.8%, whilst these TV markets declined by 6.4%
- 70/30 revenue split between Ten affiliated revenue & Seven/Nine affiliated revenues



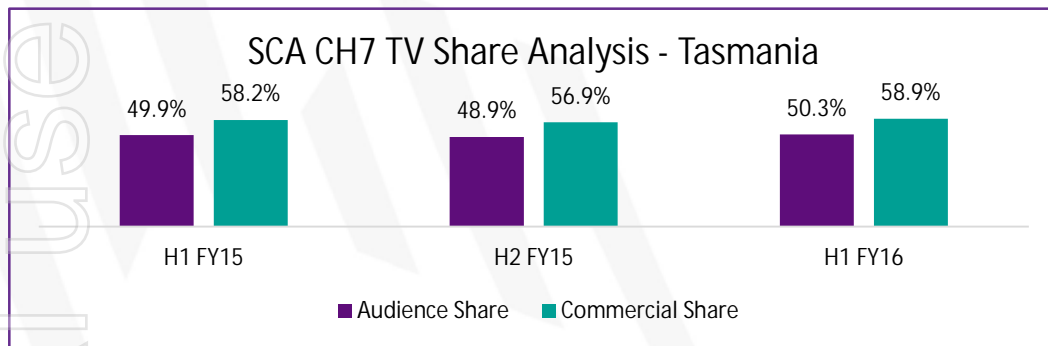
REGIONAL TV ADVERTISING REVENUES

(EXCLUDES CONTRA AND OTHER REVENUE)



SC 10:

- Audience share continues to improve – up 1.3pts on H1 FY15 and 0.5pts on H2 FY15
- Local power ratio remains strong at 1.16 compared to 1.10 in H1 FY15
- National power ratio increased to 0.82 (0.79 in H1 FY15)



SCA CH7 - Tasmania:

- Over 50% of revenue share in Tasmania, 50% of ratings in H1 FY16
- Growth in ratings and revenue share
- Power ratio 1.17




Note: Share analysis not available for Spencer Gulf region where SCA broadcasts all free to air signals (7, 9 and 10).

CAPITAL MANAGEMENT



CAPITAL MANAGEMENT

BALANCE SHEET – REPAIR COMPLETE

		Achieved to Date	Future Focus
Leverage Ratio		<ul style="list-style-type: none">Pro forma leverage ratio of 2.05x¹	<ul style="list-style-type: none">Target leverage ratio range of 2.0 - 2.5x EBITDA
Reduced Debt Levels		<ul style="list-style-type: none">Pro forma net debt of \$372.6m¹ - reduced by \$200m since Dec. 14	<ul style="list-style-type: none">Circa \$80m of headroom within target range - providing balance sheet flexibility
Non Core Assets		<ul style="list-style-type: none">\$13.5m realised from non-core asset sales over last 12 months	<ul style="list-style-type: none">Continued focus on greater efficiencies across all businesses within SCA

¹ Pro forma includes \$100m in cash from renewal of agreement with Australian Traffic Network. Refer ASX release dated 9th February 2016.

OUTLOOK & SUMMARY



OUTLOOK

EBITDA & NPAT

- FY16 EBITDA forecast to be higher than the prior year at \$163m - \$166m
- EBITDA forecast includes \$2.4m profit on disposal of DMD and \$4.7m reduction in respect of ATN contract
- FY16 NPAT forecast to be 16-20% higher than adjusted prior year NPAT at \$75m - \$78m, reflecting lower financing costs

METRO RADIO

- Forecast further revenue growth in Metro Radio
- SCA to continue to benefit and unlock value from investment in both talent and marketing on the Hit Network and Triple M Network
- Normal ratings to revenue lag provides opportunity for improved H2 revenue share

REGIONAL

- Local revenues continue to support both TV and Radio assets
- Radio market remains consistent and growing
- TV markets remain challenged, although increased consistency and growth in Channel 10 ratings coupled with better monetisation will insulate SCA to a degree

SUMMARY

- SCA is heavily invested in radio, a sector that continues to grow and expand revenues
- Growth achieved across all media assets
- Declared 3.25 cents per share, fully franked and fully cash funded - DRP has been suspended
- Balance Sheet repair complete and within targeted framework – pro forma net debt at lower end of target range of 2.0 – 2.5x EBITDA
- Capital Management – SCA has the capacity to strengthen and grow our assets through a selective capital investment program
- Media Reform – SCA is a strong advocate for reform and will continue to communicate to our key stakeholders the merit and necessity of legislative change

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Q&A



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THANK YOU



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