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 $373m[1]

	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%**
EBITDA Margin	*28.4%*	*27.9%*	
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

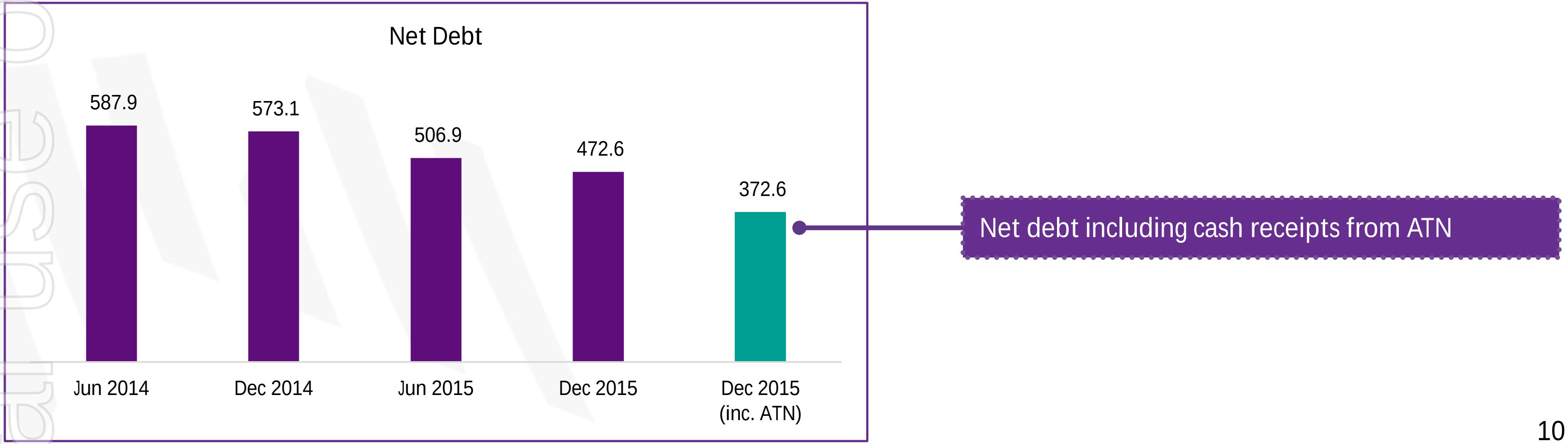
$ millions	H1 FY16
Opening Cash	**143.1**
Cash from Operations	67.6
Payments for Non-Current Assets	(8.2)
Proceeds from divestment of non-core assets	3.9
Tax payment	(18.7)
Net financing payments	(16.6)
Dividends to security holders	(8.7)
Proceeds from receivables securitisation	15.0
Debt repayment	(115.0)
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

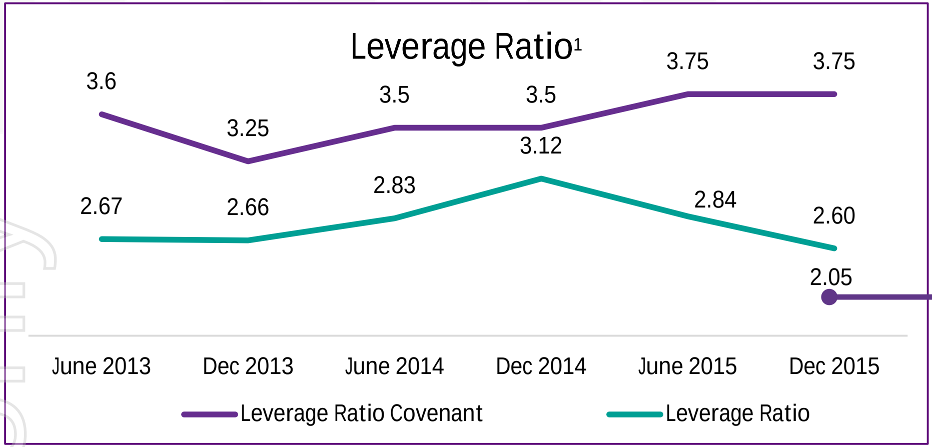
DEBT FACILITIES

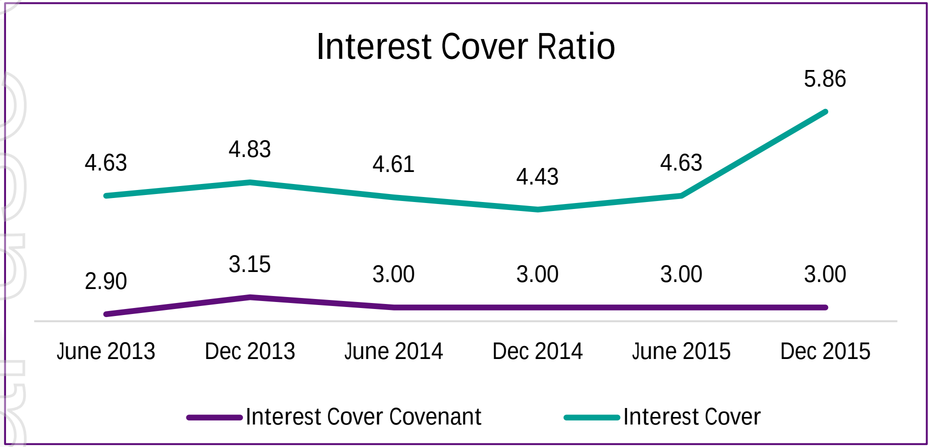
$ millions	December 2015	June 2015
Drawn Debt	**535.0**	**650.0**
Less Cash	(62.4)	(143.1)
Net Debt (Borrowing Group)	**472.6**	**506.9**

- 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



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%)**
EBITDA Margin	*24.0%*	*26.7%*	

- 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%**
EBITDA Margin	*34.4%*	*32.3%*	

- **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**
Contribution Margin %	*46.0%*	*81.2%*
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%**

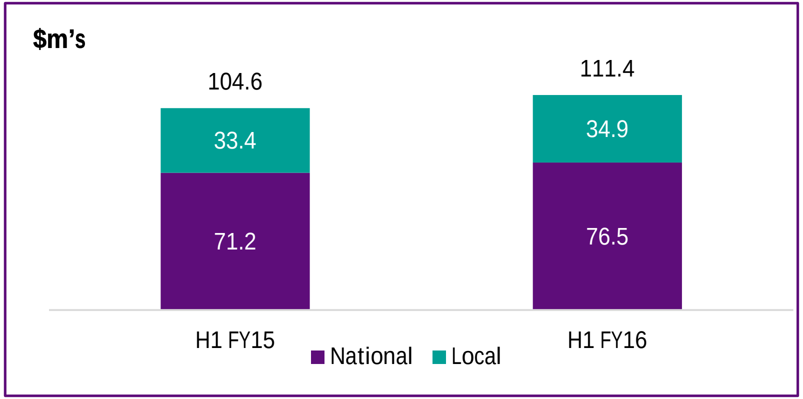
Sales Commission recharge to metro and regional previously netted off in Selling, General & Admin

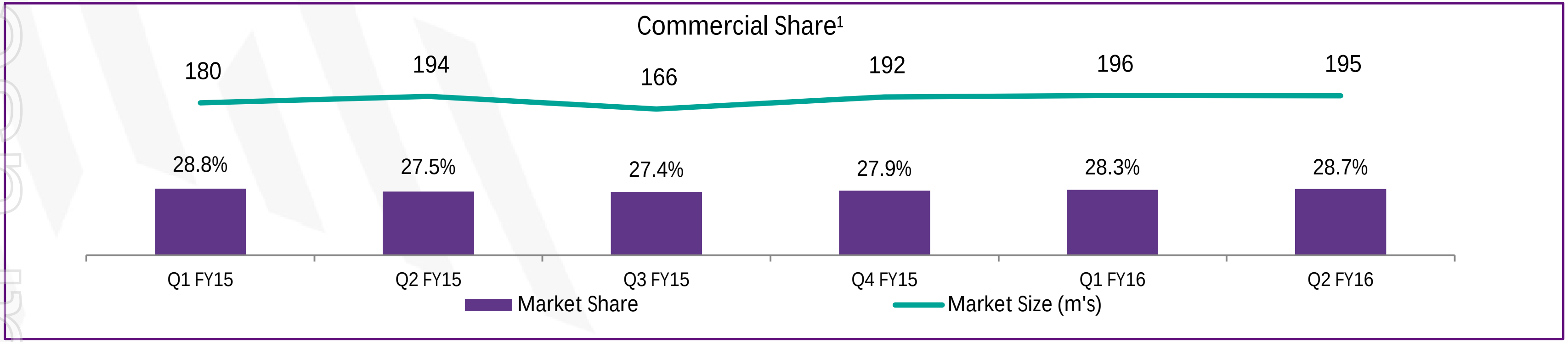
ADVERTISING REVENUE ANALYSIS

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



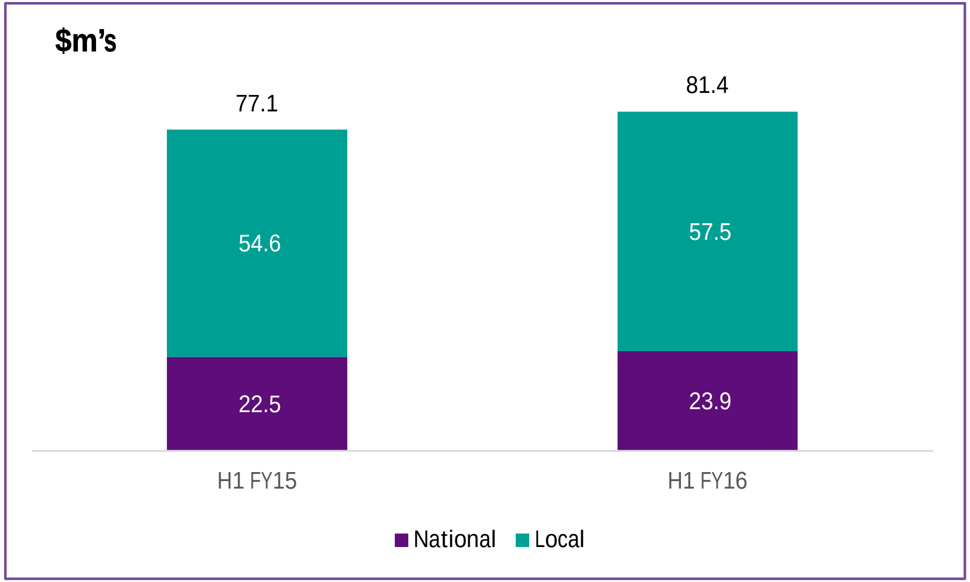


[1] Deloitte Market Share Reports

REGIONAL RADIO ADVERTISING REVENUES

(EXCLUDES CONTRA AND OTHER REVENUE)

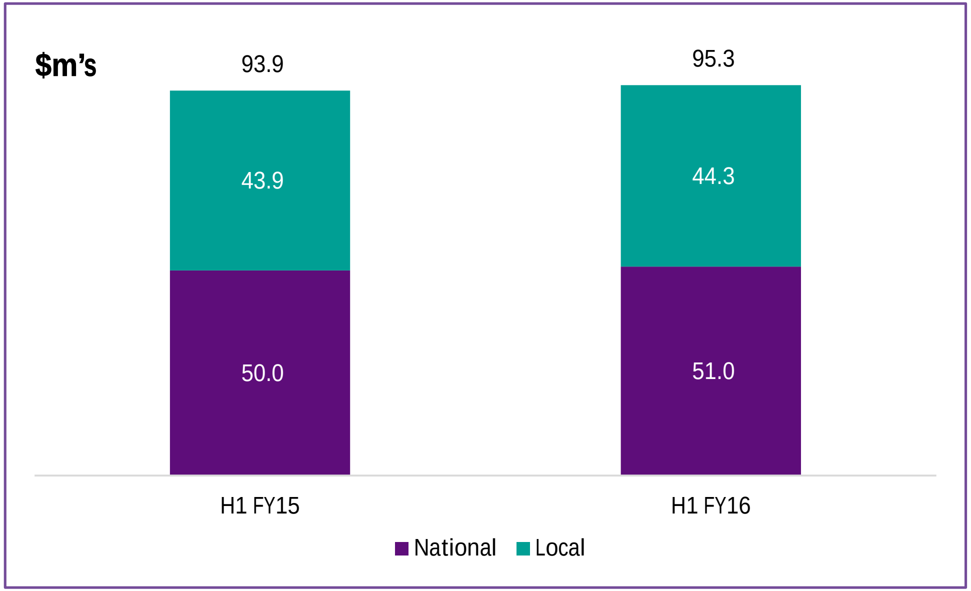
- Regional Radio continues to perform well with revenues up 5.6%
  - National revenue strong across all regions - up 6.2%
  - Local revenues remain strong and resilient with consistent improvements - up 5.3%
- Combined performance delivering a stable high margin outcome



REGIONAL TV ADVERTISING REVENUES

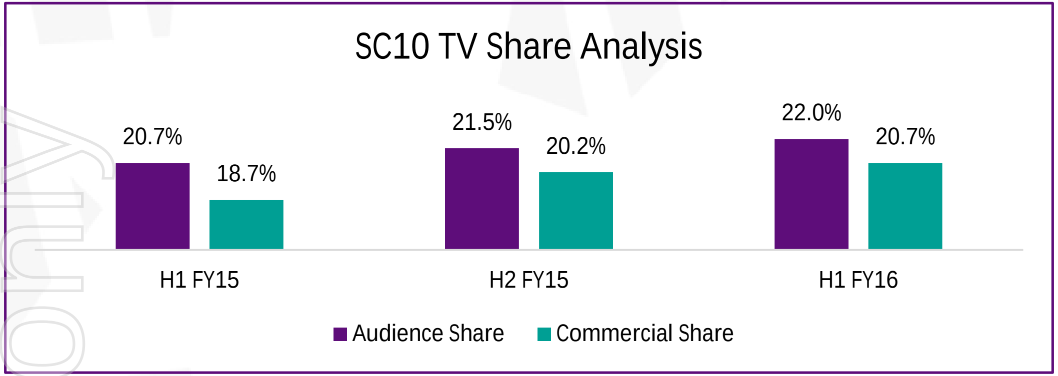
(EXCLUDES CONTRA AND OTHER REVENUE)

- 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



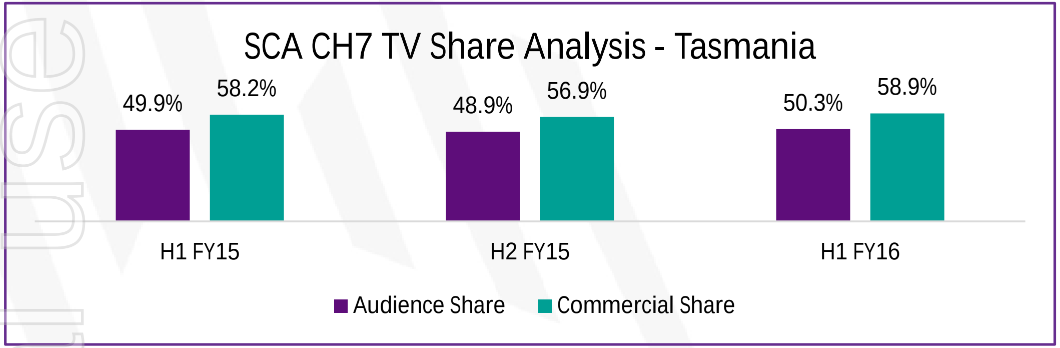
REGIONAL TV ADVERTISING REVENUES

(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		• Pro forma leverage ratio of 2.05x[1]	• Target leverage ratio range of 2.0 - 2.5x EBITDA
Reduced Debt Levels		• Pro forma net debt of $372.6m[1], - reduced by $200m since Dec. 14	• Circa $80m of headroom within target range - providing balance sheet flexibility
Non Core Assets		• $13.5m realised from non-core asset sales over last 12 months	• 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

Q&A

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THANK YOU

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