



SOUTHERN CROSS AUSTereo
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ASX RELEASE

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**SOUTHERN CROSS AUSTereo INVESTOR PRESENTATION TO
MACQUARIE AUSTRALIA CONFERENCE 2016**

Please see attached a copy of the presentation being delivered by Grant Blackley to the 2016 Macquarie Australian Conference on Friday 6th May at 1.30pm.

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Southern Cross Austereo comprises Southern Cross Media Group Limited and its subsidiaries.

SOUTHERN CROSS AUSTEREO

MACQUARIE AUSTRALIA CONFERENCE

MAY 2016

PRESENTED BY GRANT BLACKLEY, CEO



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DISCLAIMER

Summary information

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www.southerncrossaustereo.com.au

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Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance

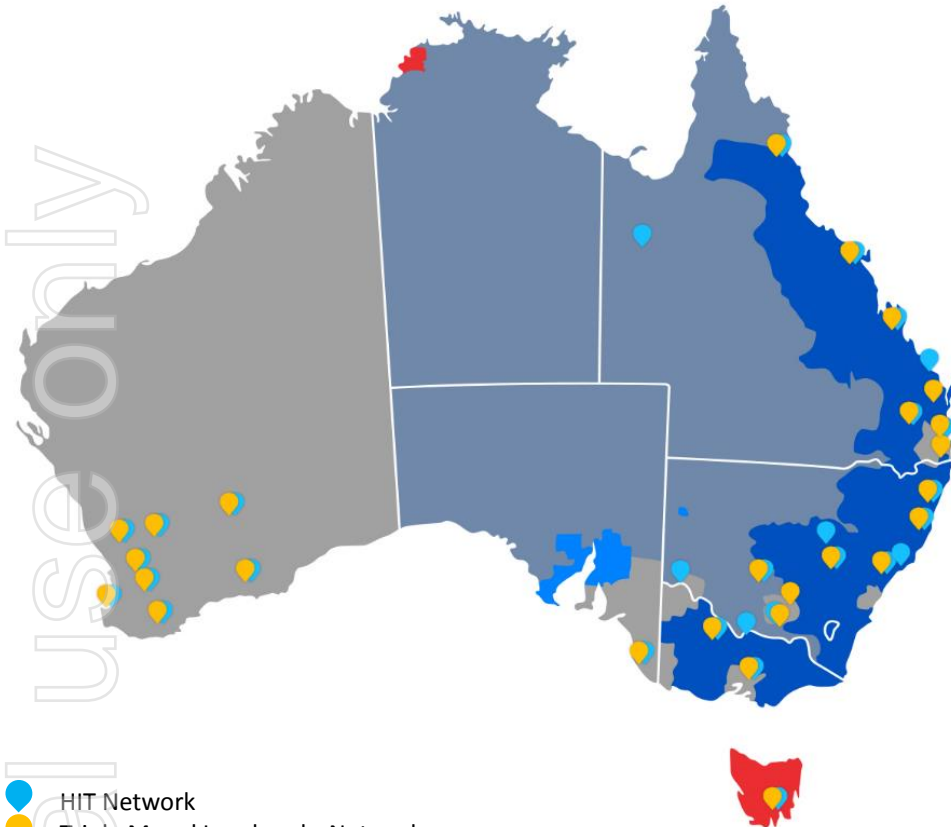
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AUSTRALIA'S BIGGEST ENTERTAINMENT COMPANY



10 million Australians reached every week

107 free to air television signals

78 radio stations across the nation

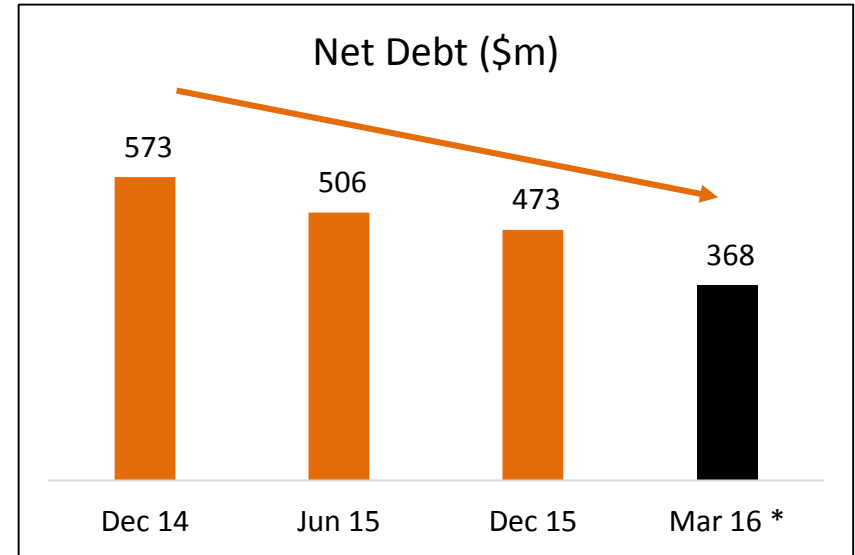
+ largest DAB+ spectrum owner in capital cities

+ strengthening national and local web, mobile and social assets

CAPITAL MANAGEMENT

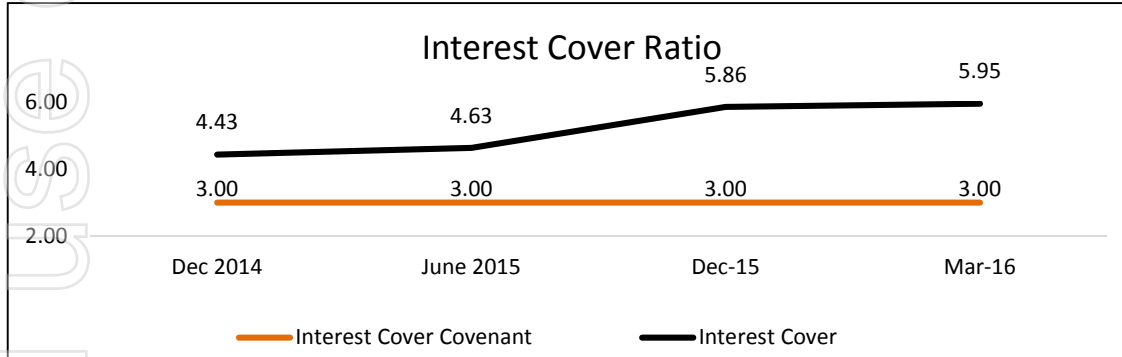
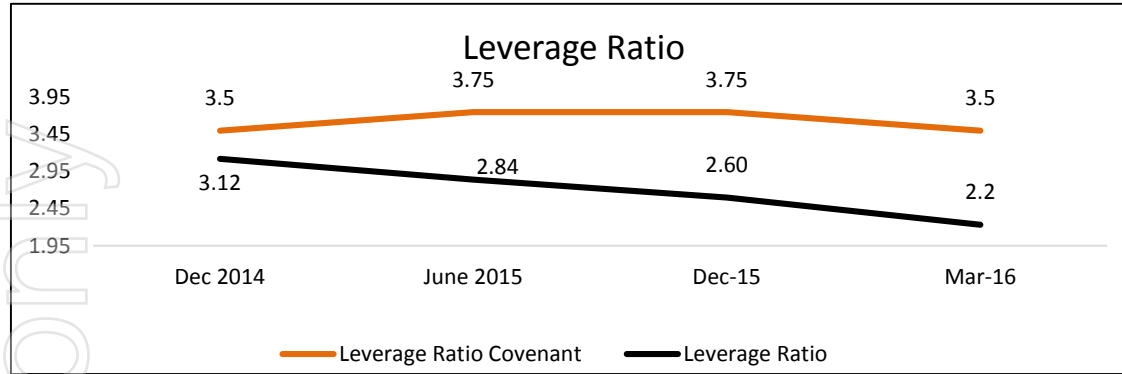
SCA has completed balance sheet repair process

- Over \$200m debt repaid in last 18 months
- Leverage ratio reduced to c. 2.0 times EBITDA
- Dividend Reinvestment Plan suspended – resumption of full cash dividends



* unaudited

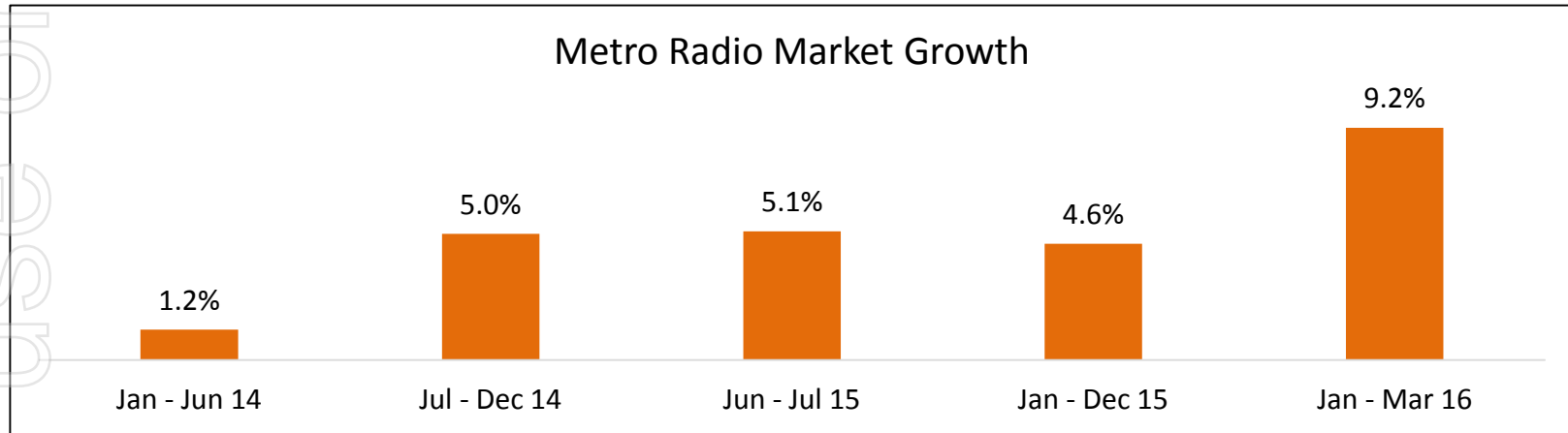
BANKING COVENANTS SIGNIFICANTLY IMPROVED



- Significant headroom following \$200 million debt reduction
- Annual finance costs reduced from \$39m in FY14 to forecast \$25m in FY16
- Further reduction in finance costs forecast in FY17 due to lower debt

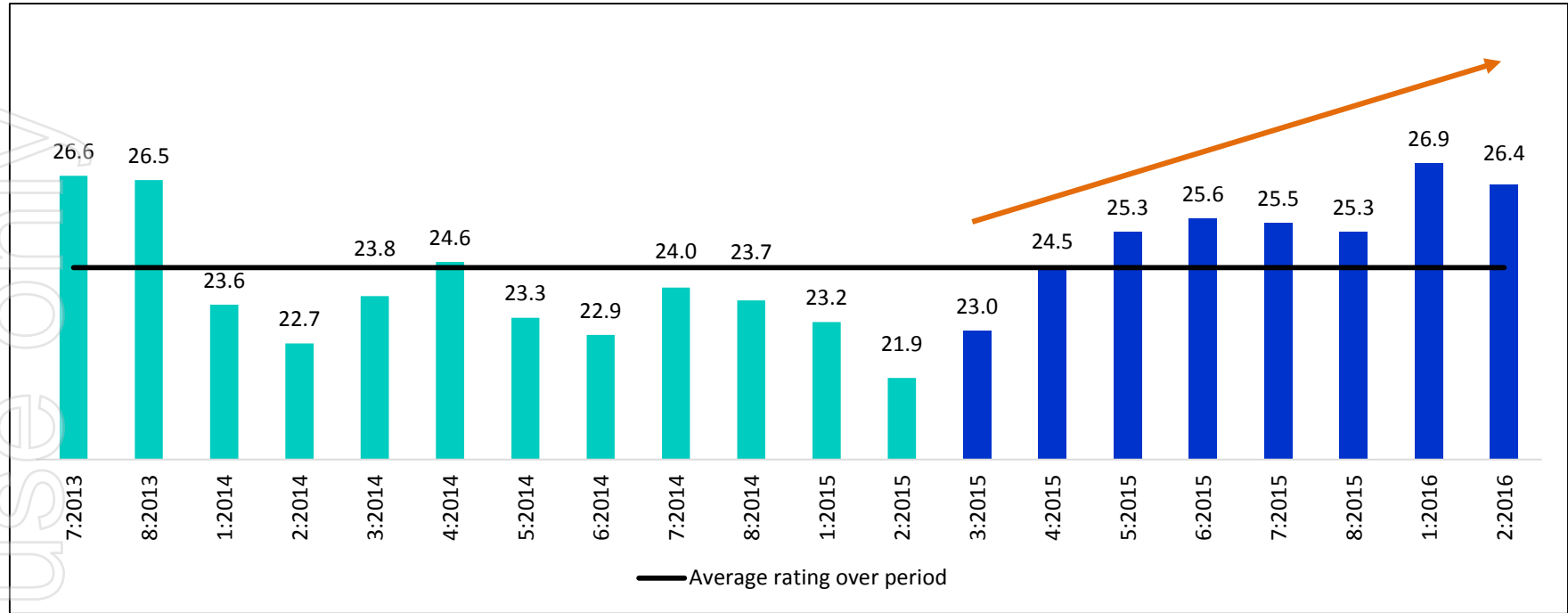
MARKET DYNAMICS – GROWTH OF METRO RADIO

- Strong growth in metro radio advertising market
- Competitive marketplace – strong industry attitude to growth
- Radio is well marketed with clear messaging
- Advertising drivers are stable with multiple categories performing well



Source: Deloitte market analysis

SIGNIFICANT IMPROVEMENT IN METRO RATINGS



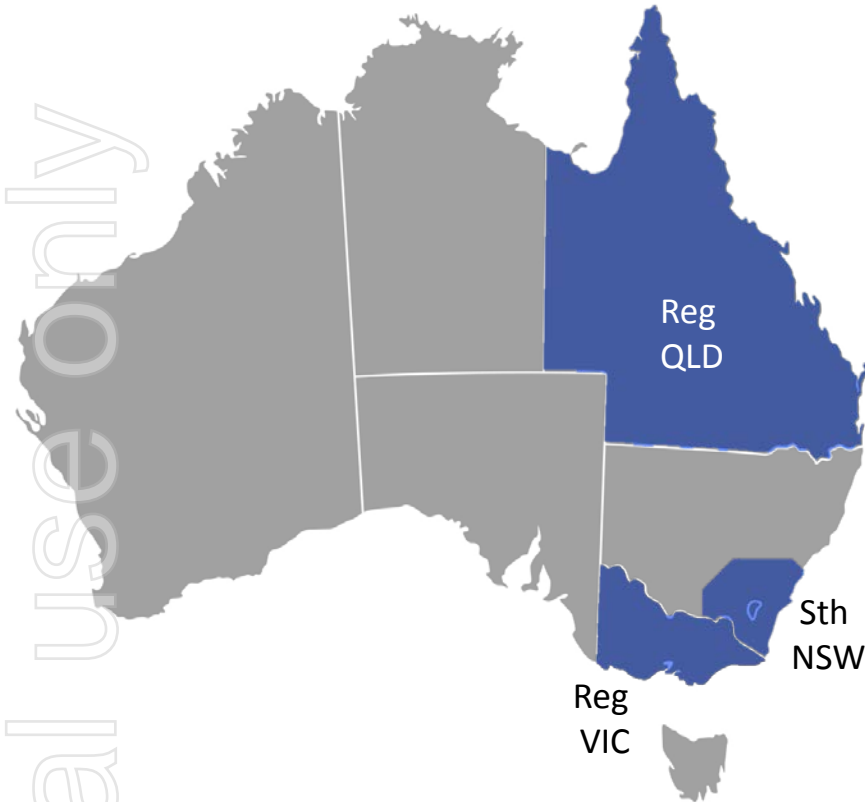
Source: Average 10+ rating, GFK Survey – Sydney, Melbourne, Brisbane, Adelaide and Perth, 2013 - 2016

REGIONAL RADIO – THE QUIET ACHIEVER

- Regional Radio has long been a “staple in our diet”
- Highly effective medium – high margin business with mid-single digit growth profile
- Combination of Regional TV and Radio – creates a two-fold economic impact on local communities
- Local content is critical to maintaining and growing audience and advertiser interest



LANDMARK REGIONAL TV AFFILIATION WITH NINE



- 5 year affiliation agreement with Nine, commencing 1 July 2016
- Improved economic outcome
- Southern NSW, Regional VIC and Regional QLD only
- Aggregated 3 market value \$470 million¹
- Nine programming has traditionally delivered no less than 50% higher audience than Ten across these territories
- SCA will provide sales representation services for Nine NBN in Northern NSW
- SCA intends to continue to deliver a Ten signal for SCA owned and operated NNSW (subject to negotiation)
- No change for existing Tasmania, Spencer Gulf and Darwin arrangements

1. Source: KPMG Market Share (2015)

AFFILIATION WITH NINE PROVIDES OPPORTUNITY TO UNLOCK FURTHER VALUE

Content

- Strong content alignment - NRL, Cricket, Nine News and Current Affairs, Voice
- Closer association with Triple M Sport and Hit Network
- Expanded and enhanced SCA local news service

Sales

- Stronger revenue – via vastly improved ratings
- Collaborate with Nine on key events to unlock incremental value
- Seasoned local sales will be enhanced to drive higher revenue outcomes

Operations

- Seamless National Nine branding
- Back of house functions – seek to unlock additional value
- Combined effort – News gathering with more local video/audio journalists



OUTLOOK & OPPORTUNITIES FOR GROWTH

- EBITDA guidance for FY16 increased to \$166m – \$170m aided by licence fee reduction*
- SCA is positioning assets for growth in FY17
- Investment in content and ideation
- Audio market continues to perform strongly and provides opportunity for product extension and expansion
- Focus on identifying regional investment opportunities – “live and local”
- Highly disciplined approach towards any value creating opportunities with clearly defined investment criteria

* Subject to regulatory approval

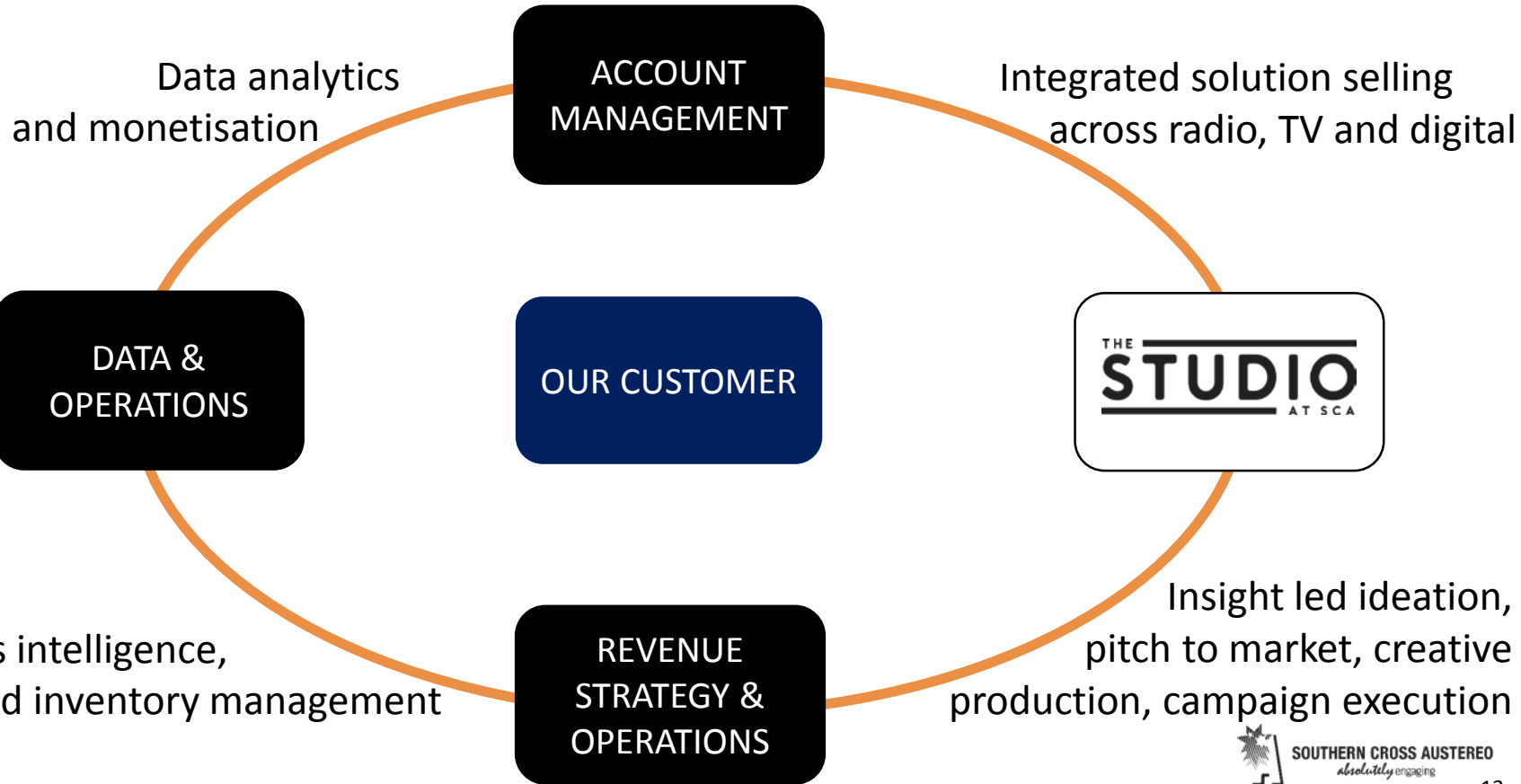


REGIONAL MEDIA HAS UNTAPPED POTENTIAL

Regional markets represent **36%** of the population yet only receive **11 – 17%** of media investment

SCA and peers developing a research-led Regional Development Plan to identify specific opportunities for advertisers

SCA – CLEAR LAYERED SALES PROCESS



CLEAR GOALS – STRUCTURE - VISION

Investment in content

- “A” grade talent in all breakfast and drive formats
- Be visible and engaging – market our brands more
- Lean on both our metro and regional networks to develop tomorrow’s stars

Leveraging content

- Digital producers added to each metro market
- Digital platforms extend reach and build incremental income
- Embracing social and mobile markets more aggressively

Executive structure

- Executive teams – refreshed and aligned
- National Radio Network – alignment of assets and interests
- Clear KPIs and recognition structure

POLICY & REGULATORY AFFAIRS

Licence Fees

- Government announced 25% cut in TV and Radio licence fees
- Government recognises that Australian broadcasters pay the highest fees in the world – pathway to further cuts to be discussed
- Effective FY 2016 (subject to Budget approval)

Media Ownership Law Reform

- Bipartisan agreement that the “reach rule” is outdated and should be repealed
- “2 out of 3 rule” – Senate enquiry
- Senate recommendation pre-election – adoption post-election

SUMMARY

SCA well positioned for growth

- Balance sheet strengthened following significant degearing
- Metro market growing strongly and with continuing focus on further ratings improvement
- Landmark affiliation deal with Nine provides revenue upside from FY17
- Refreshed executive structure to better monetise assets

