



SOUTHERN CROSS AUSTereo
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ASX RELEASE

5 MAY 2016

CORRECTION
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.

The attached presentation includes a correction on slide 5. The leverage ratio as at March 2016 is now correctly shown as 2.05.

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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

The material in this presentation has been prepared by Southern Cross Media Group Limited ABN 91 116 024 536 (“Southern Cross Austereo” or “SCA”). The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with Southern Cross Austereo’s other periodic and continuous disclosure announcements which are available at

www.southerncrossaustereo.com.au

Past performance

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

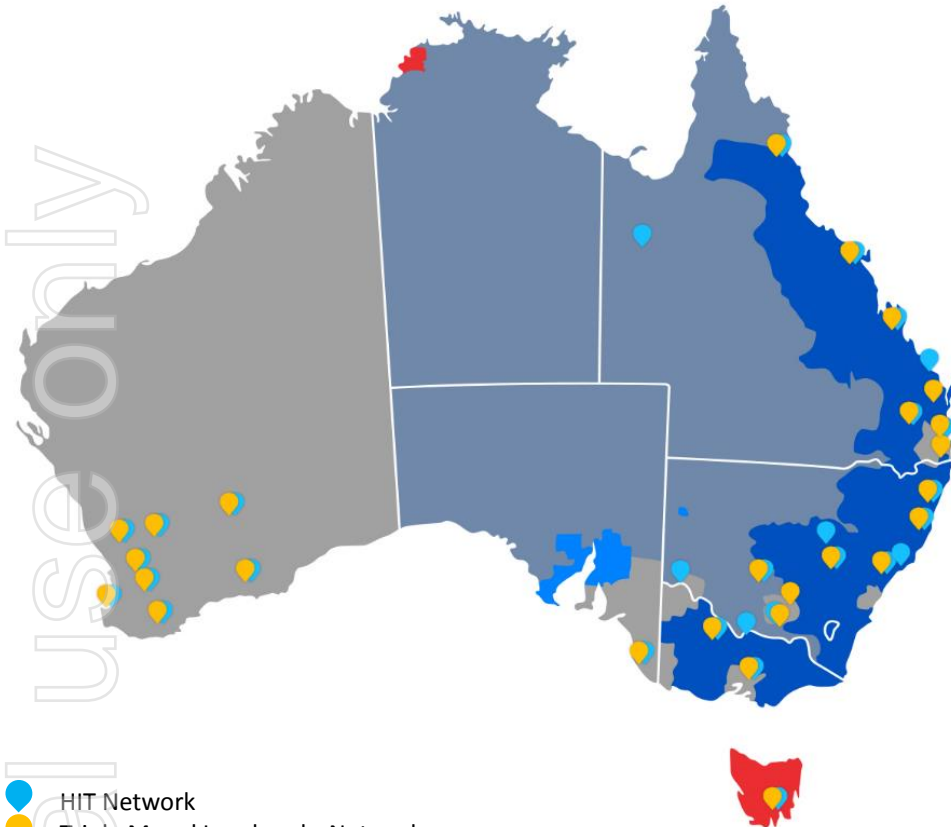
This presentation contains certain “forward-looking statements”. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and estimates which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Although due care has been used in the preparation of forward-looking statements, actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based.

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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

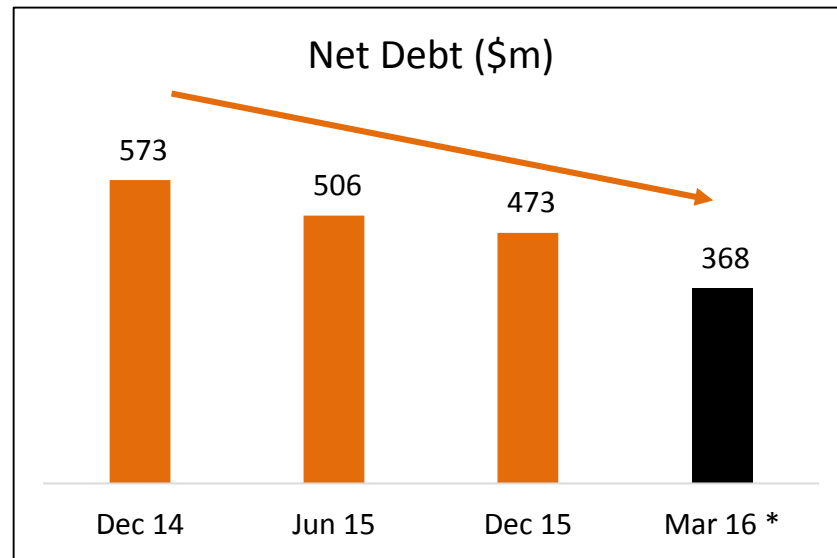
+ largest DAB+ spectrum owner in capital cities

+ strengthening national and local web, mobile and social assets

CAPITAL MANAGEMENT

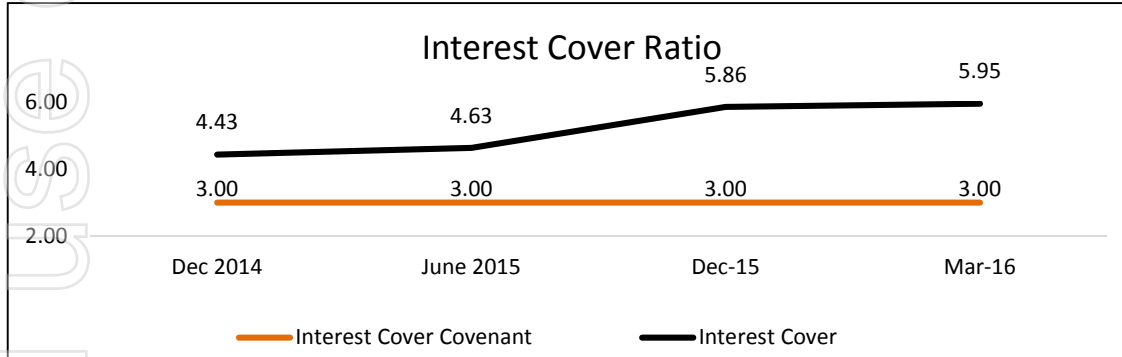
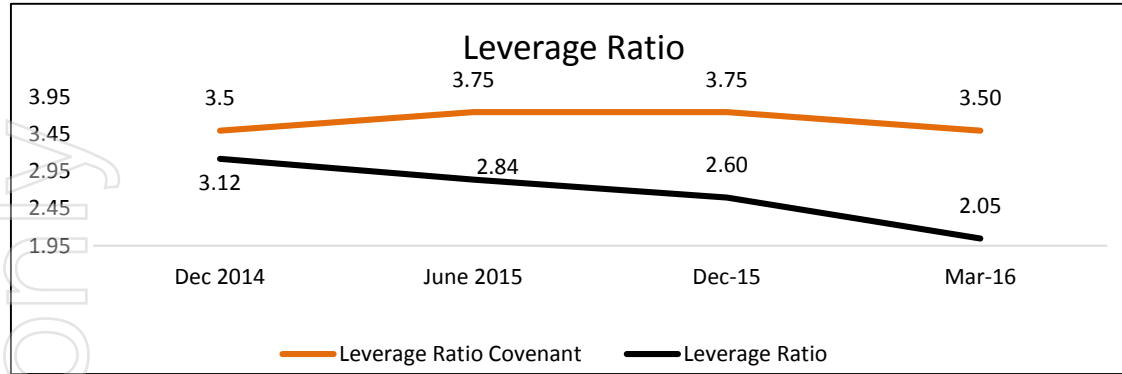
SCA has completed balance sheet repair process

- 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

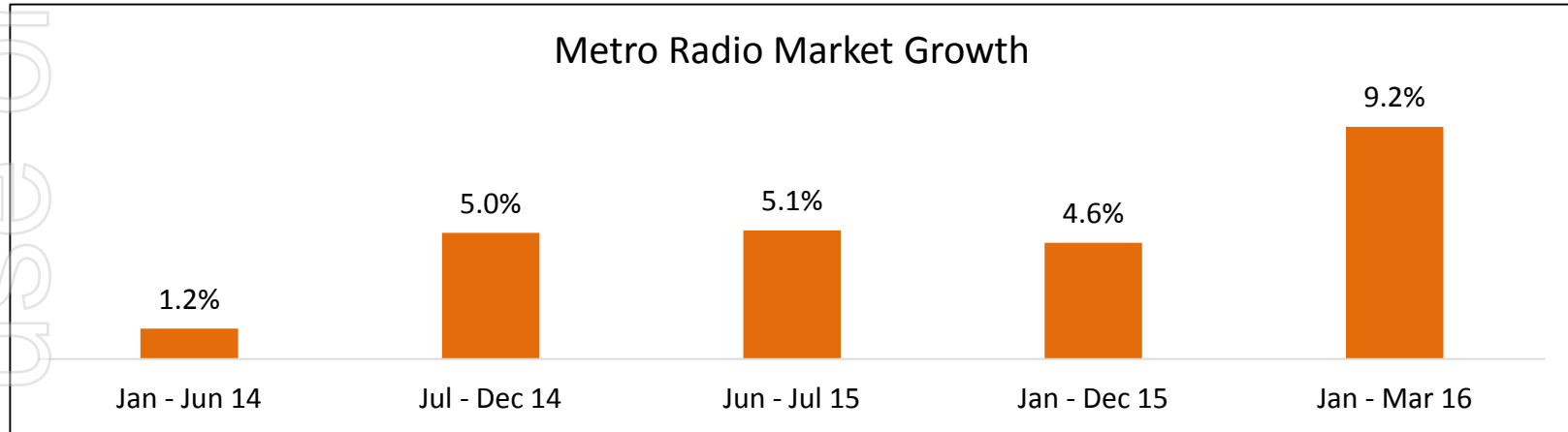
BANKING COVENANTS SIGNIFICANTLY IMPROVED



- 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

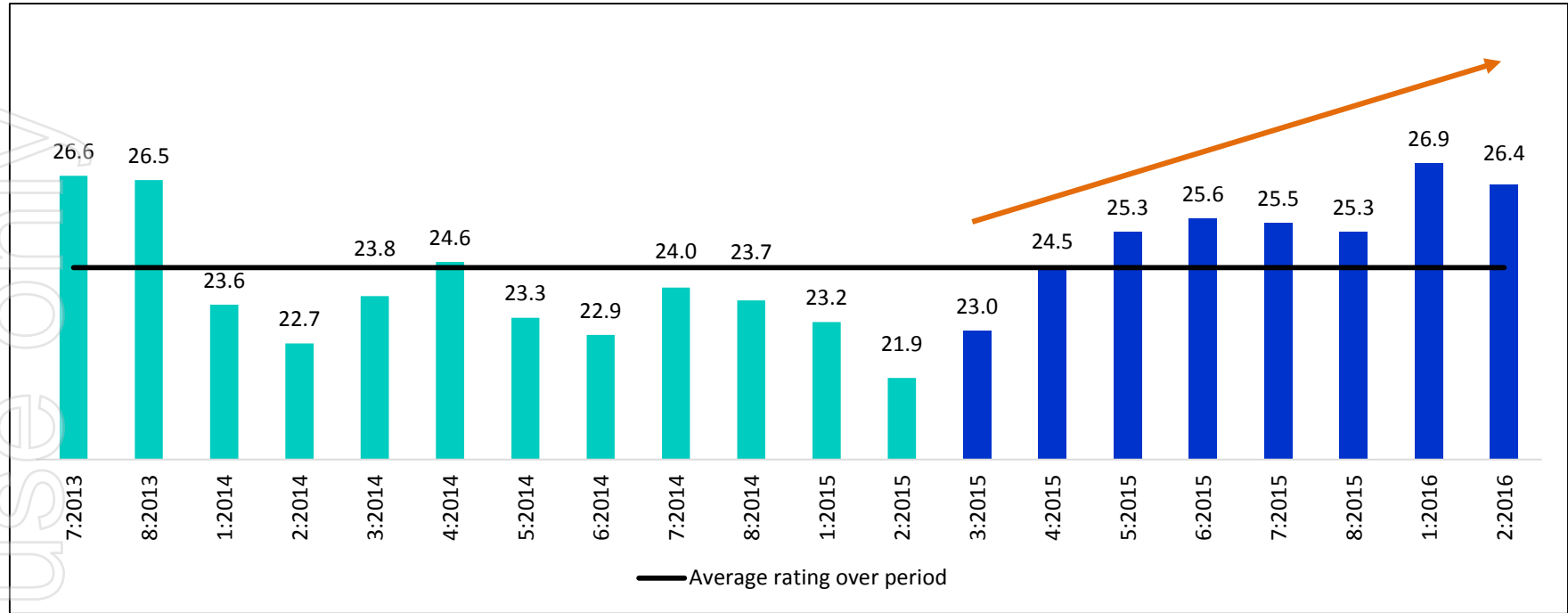
MARKET DYNAMICS – GROWTH OF METRO RADIO

- 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



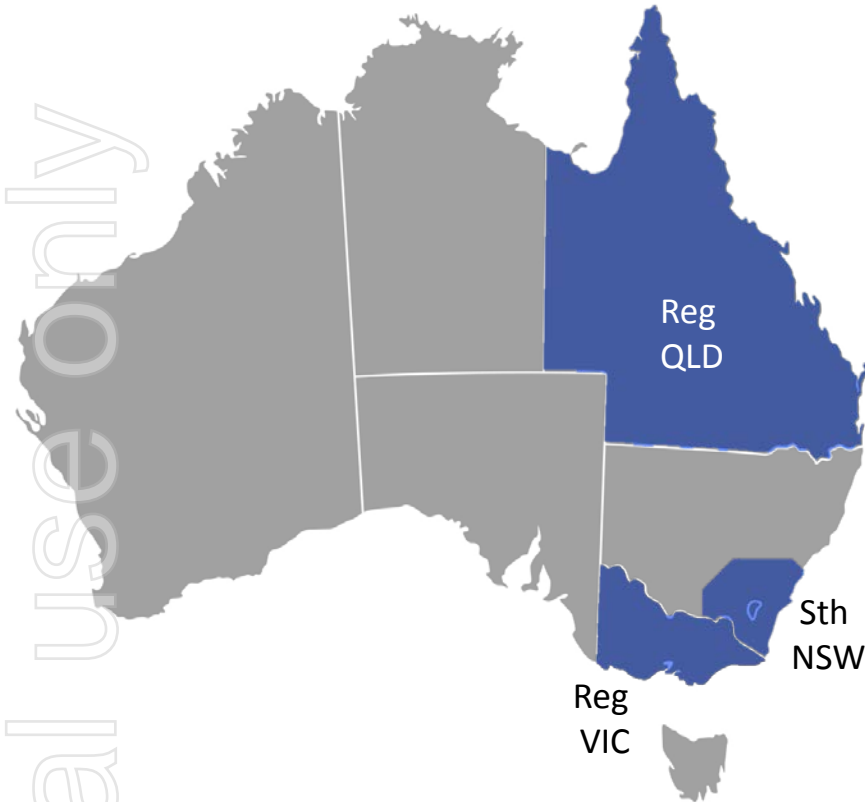
Source: Average 10+ rating, GFK Survey – Sydney, Melbourne, Brisbane, Adelaide and Perth, 2013 - 2016

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

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

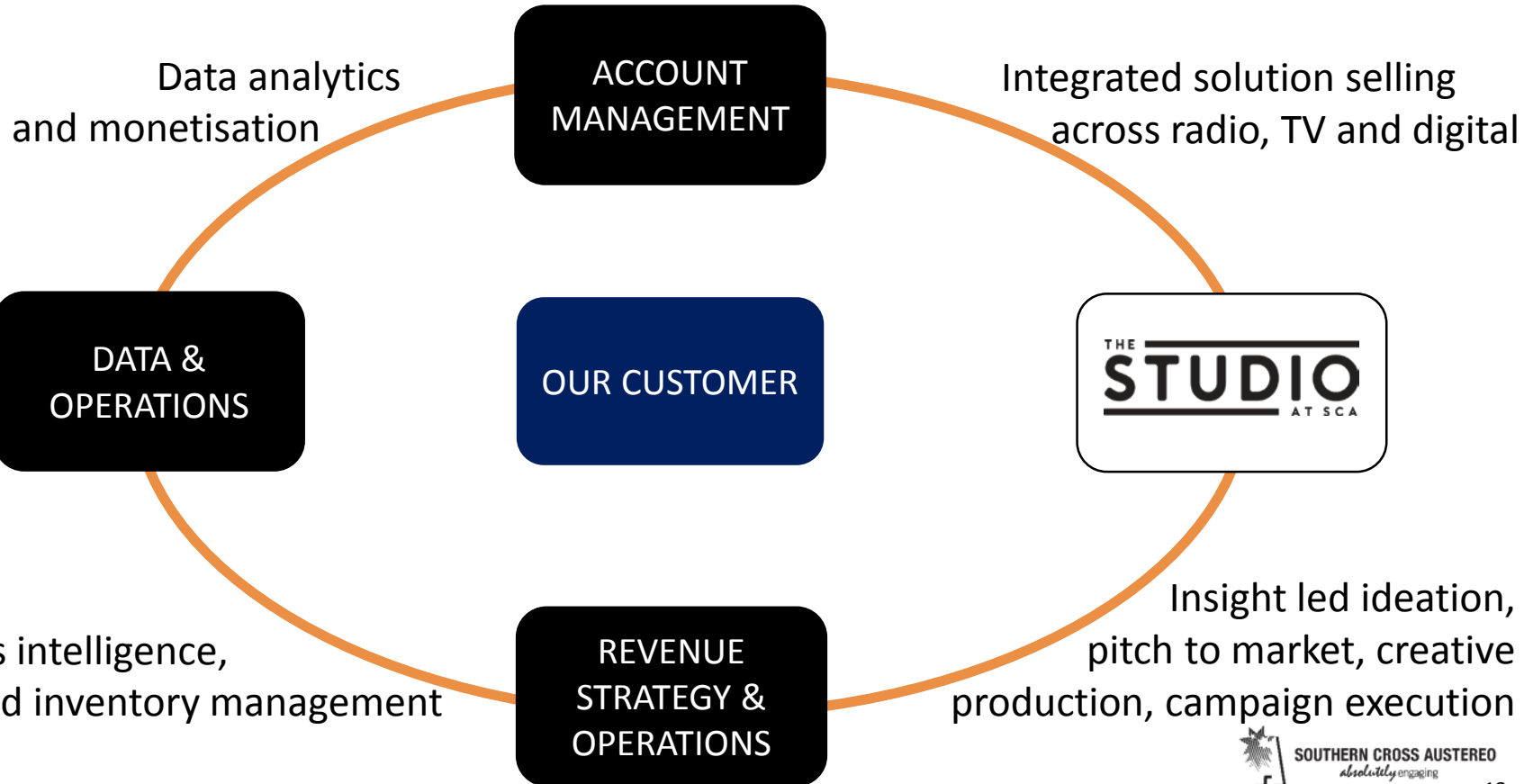


REGIONAL MEDIA HAS UNTAPPED POTENTIAL

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

