

SOUTHERN CROSS AUSTEREO ANNOUNCES HALF YEAR RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2017

Southern Cross Media Group Limited (ASX: SXL) today announced its financial results for the half year to 31 December 2017 including the following comparisons to the prior corresponding period:

Statutory Result	H1 FY18	H1 FY17
Revenue	\$333.3m	\$351.8m
EBITDA	\$78.1m	\$92.6m
Cash Conversion	88.1%	82.4%
NPAT	\$38.2m	\$48.5m
Net Debt	\$324.8m	\$347.8m
Interim dividend	3.75cps	3.75cps

Highlights of the results include:

- Group revenue was 1.3% higher than prior year, when the recently divested Northern NSW TV business is excluded
- Regional Media assets performed well with revenues growing by 4.6% (excluding Northern NSW TV)
- Metro revenue was back 3% in the period after improved revenue performance in Q2 following a 6% decline in Q1
- Corporate cost comparison impacted by the inclusion in 1H FY17 of approximately \$5m of favourable non-recurring items in relation to waiver of FY16 radio licence fees and resolution of a radio industry copyright dispute
- Finance costs reduced 20% year on year to \$7.7m and will reduce further following the recent refinancing
- With effective operating cash conversion of 88%, the fully franked interim dividend is maintained at 3.75cps.

Southern Cross Austereo CEO Grant Blackley said:

“These results reflect the culmination of two consecutive years of heavy lifting to improve SCA’s balance sheet. With the systematic divestment of non-core assets including the Northern NSW TV licence and 45 Transmission Towers the company has successfully reduced debt and leverage to improve the company’s financial health, laying the foundation for a successful refinancing of our debt facilities and accompanying reduction in finance costs.

“Our investment in rebranding regional radio stations, increasing the number of regional radio surveys and educating media and advertisers about the benefits of regional audiences has paid off – with revenue from national advertisers in regional markets rising sharply by 12.8%.

“We re-iterate our commitment to improving 2DAY FM breakfast. Most recently we expanded the line-up and broadened the 2DAY FM music format. The seamless transition from Hamish & Andy to Hughesy & Kate on the Hit Network and the addition of Kennedy Molloy on the Triple M Network has strengthened our national Drive formats.

“Digital radio is coming of age and, in a first in the Australian radio industry, SCA has aligned each of its digital stations with the Hit or Triple M networks, enabling us to aggregate our collective audiences. This will provide advertisers with 6.5% greater reach or 300,000 additional listeners, opening opportunities for our teams to effectively monetise our strengthening radio audiences from Survey 1 in March.”

Southern Cross Austereo’s outlook for H2 FY18 includes:

- Group revenues will be up circa 5% year-on-year for January/February 2018 (excluding NSW TV)
- New Drive show revenues up after initial 7 weeks - with advertiser interest growing
- Regional markets continue to benefit from strengthening national advertising
- Full year cost outlook flat on prior year

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