



SOUTHERN CROSS AUSTereo
absolutely engaging

ASX RELEASE

1 MAY 2018

SOUTHERN CROSS AUSTereo INVESTOR PRESENTATION TO MACQUARIE AUSTRALIA CONFERENCE 2018

Please see attached a copy of the presentation being delivered by Grant Blackley to the 2018 Macquarie Australian Conference on Tuesday 1st May at 4.00pm.

For further information, please contact:

Investors:

Nick McKechnie
Chief Financial Officer
Tel 03 9922 2201

Media:

Creina Chapman
Head of Regulatory Affairs and Corporate Communications
Tel 02 8437 9346
Mob 0411 535 176

Southern Cross Media Group Limited
ABN 91 116 024 536

Level 2, 257 Clarendon Street
South Melbourne VIC 3205
Australia

Telephone +61 3 9252 1019
Fax +61 3 9252 1270
Internet www.southerncrossaustereo.com.au

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

SOUTHERN CROSS AUSTEREO

Macquarie Investor Conference

Grant Blackley, CEO

1 May 2018



SOUTHERN CROSS AUSTEREO
absolutely engaging

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") and contains summary information about Southern Cross Austereo's activities current as at 1 May 2018. 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 in this presentation is 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.

Not financial product advice

Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. Before acting on any information, you should consider the appropriateness of the information having regard to your particular objectives, financial situation and needs, any relevant offer document and in particular, you should seek independent financial advice.



SCA's 'WINNING ASPIRATION'

Winning Aspiration

“SCA is an entertainment company that seeks to deliver market-leading value-creating brands.

Leveraging off our core competencies we provide content and insightful services that bind communities together to facilitate rewarding interactions.

As a result SCA will be the preferred entertainment company in our markets”.



SCA CORE ASSET BASE

METRO



10 metro radio stations
plus a Digital radio
network

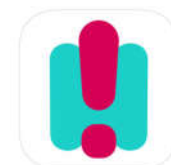
REGIONAL



TV affiliation in
regional Australia
(excl. WA)

68 regional
radio stations

NATIONAL



94 websites + apps,
digital agency & new
out of home network



SOUTHERN CROSS AUSTEREO
absolutely engaging



SOUTHERN CROSS AUSTEREO

absolutely engaging

DARWIN

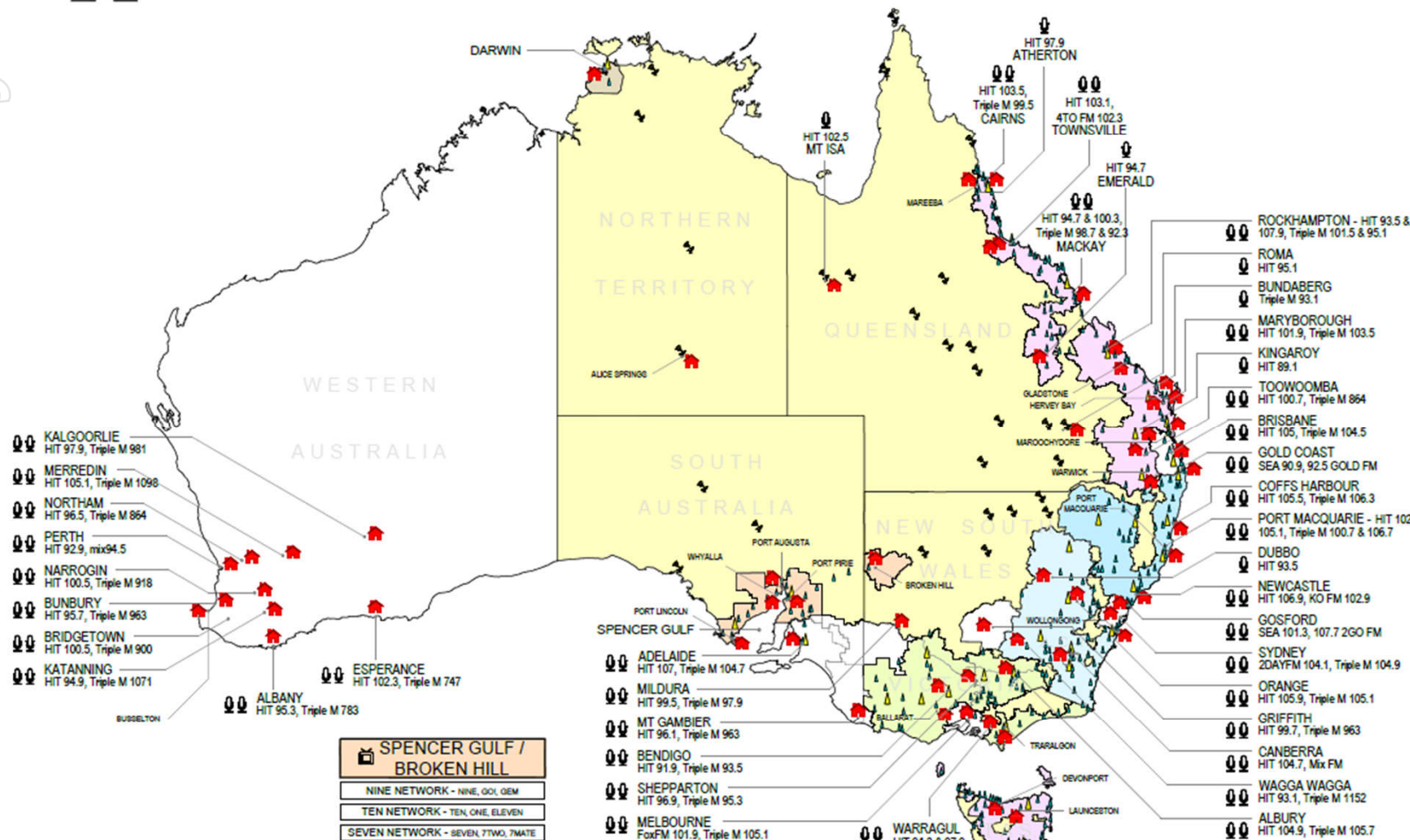
SEVEN NETWORK - SEVEN, 7TWO, 7MATE
DDT (JV) TEN NETWORK - TEN, ONE, ELEVEN
1 SUB - MARKET:
• DARWIN

VAST / RC&E

SEVEN NETWORK - SEVEN, 7TWO, 7MATE
CDT (JV) TEN NETWORK - TEN, ONE, ELEVEN
2 SUB - MARKETS:
• NORTH • SOUTH

SYMBOL LEGEND

	COMMERCIAL RADIO LICENSE(S)
	COMMERCIAL TELEVISION LICENSE(S)
	SCA OFFICES
	MAJOR TV Tx SITES
	REPEATER TV Tx SITES
	VAST RE-TRANSMISSION SITES



QUEENSLAND

NINE NETWORK - NINE, GOI, GEM, LIFE
7 SUB - MARKETS:
• CAIRNS • TOOWOOMBA
• CENTRAL QLD • TOWNSVILLE
• MACKAY • WIDE BAY
• SUNSHINE COAST

NORTHERN NSW

Sales Representation for NINE NETWORK
• COFFS HARBOUR • PORT
• GOLD COAST • MACQUARIE /
• LISMORE • TAREE
• NEWCASTLE • TAMWORTH

SOUTHERN NSW

NINE NETWORK - NINE, GOI, GEM, LIFE
5 SUB - MARKETS:
• CANBERRA • WAGGA WAGGA
• DUBBO/ORANGE • WOLLONGONG
• SOUTH COAST

VICTORIA

NINE NETWORK - NINE, GOI, GEM, LIFE
5 SUB - MARKETS:
• ALBURY • GIPPSLAND
• BALLARAT • SHEPPARTON
• BENDIGO

TASMANIA

SEVEN NETWORK - SEVEN, 7TWO, 7MATE
DDT (JV) NINE NETWORK - NINE, GOI, GEM
2 SUB - MARKETS:
• HOBART • LAUNCESTON

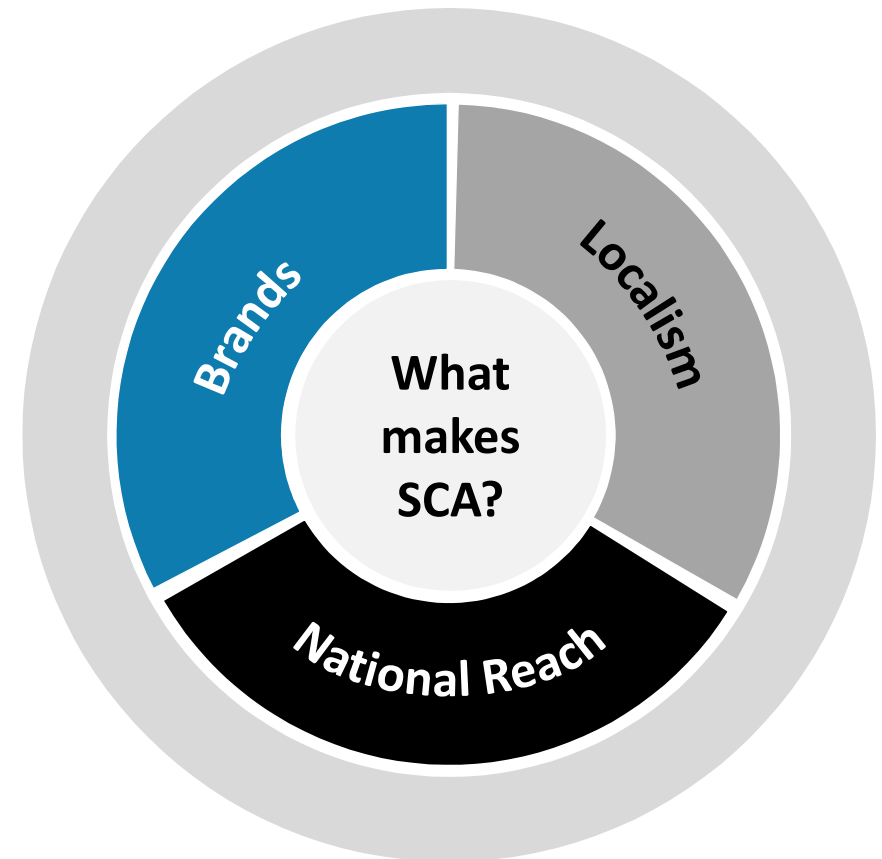
SPENCER GULF / BROKEN HILL

NINE NETWORK - NINE, GOI, GEM
TEN NETWORK - TEN, ONE, ELEVEN
SEVEN NETWORK - SEVEN, 7TWO, 7MATE
2 SUB - MARKETS:
• PORT LINCOLN/BROKEN HILL
• PORT PIKE

STRATEGIC VISION - CORE COMPETENCIES

SCA has developed a corporate strategy that leverages its core competencies:

- **National reach** of over 95% of Australians – strong brand amplification
- **Localism** – SCA is focussed on providing localised content and in connecting communities
- **Brands** – ability to create strong and engaging brands that evoke loyalty



STRATEGIC VISION - CORE ATTRIBUTES

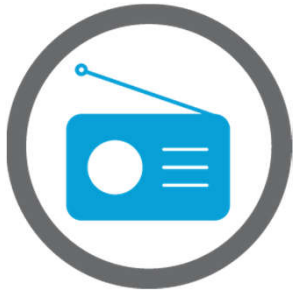
SCA core competencies are further supported and activated by:

- **Our People** – over 2,500 skilled people in 60 offices throughout Australia
- **Sales co-ordination** – the largest sales team in Australian media – circa 800 sales experts with multi-asset management skills
- **Research & Insights** - ability to measure, report and facilitate both qualitative and quantitative insights at a local and national level



SCA STRATEGY – FOUR KEY PILLARS

CONTENT



Optimise key audio assets

DISTRIBUTION



Ensure an improved audio experience for our audience

MONETISATION



Monetize all available audience efficiently with clients

NEW GROWTH

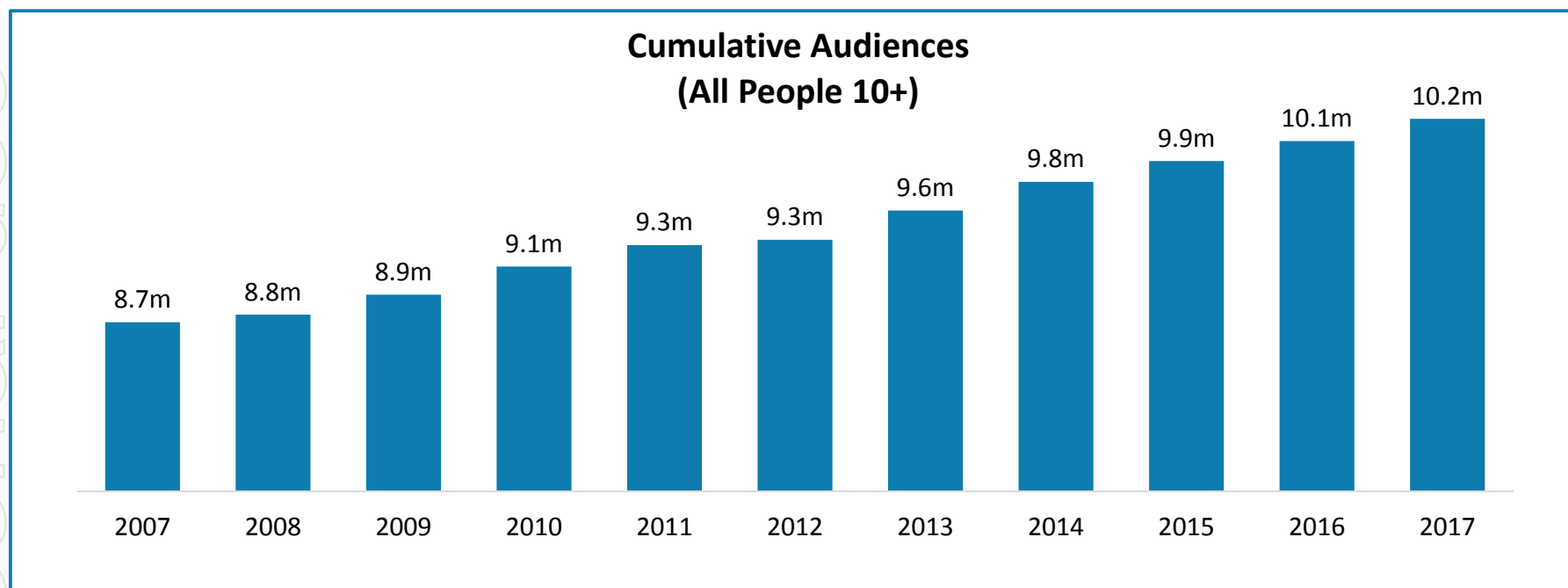


Explore non-audio entertainment in growth markets



RADIO IS A GROWTH PLATFORM

Radio audience growth supported by population increases, portability of radio (home, car, work, mobile) and underpinned by targeted investment in local content



Source: CRA. Cume reflects all people that listen to radio during the period.



SOUTHERN CROSS AUSTEREO
absolutely engaging

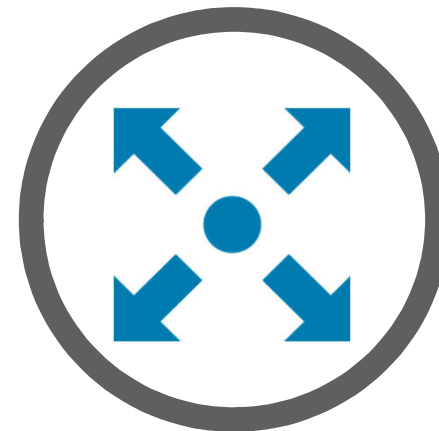
DIGITAL RADIO ADDING NEW GROWTH



3.8m DAB+
devices (+24%)¹



47% of new
vehicles have DAB+²



Expanding into
regional markets -
Canberra and Hobart in 2019

Notes: ¹ CRA December 2017, increase of 24% year on year, ² CRA, increase from 34% at September 2016



SOUTHERN CROSS AUSTEREO
absolutely engaging

METROPOLITAN RADIO – STRONG & IMPROVING ASSETS



- Australia's largest network – targeting Women 25 – 54
- 2DAY Sydney Breakfast – greatest challenge – strongest opportunity – 2 surveys and “green shoots emerging”
- Expanded drive offering enhanced premium revenue opportunity
 - Early Drive (3.00 - 4.30pm)– Carrie & Tommy #1 All People 10+
 - Late Drive (4.30 - 6.30pm)– Hughsey & Kate #2 All People 10+



- #1 national network – targeting Men 25 – 54
- Repositioning station from pure “Comedy, Rock & Sport” to a brand for Men
- Long term contracts with the AFL & NRL delivering premium advertiser engagement
- Drive – Kennedy Molloy – new national format – 932,000 listeners – 8.9% national share

DIGITAL RADIO EXPANDS AUDIENCE REACH



4,550,000
Listen to SCA's FM Network
only

303,000 Listen to
both SCA's FM and
Digital Radio

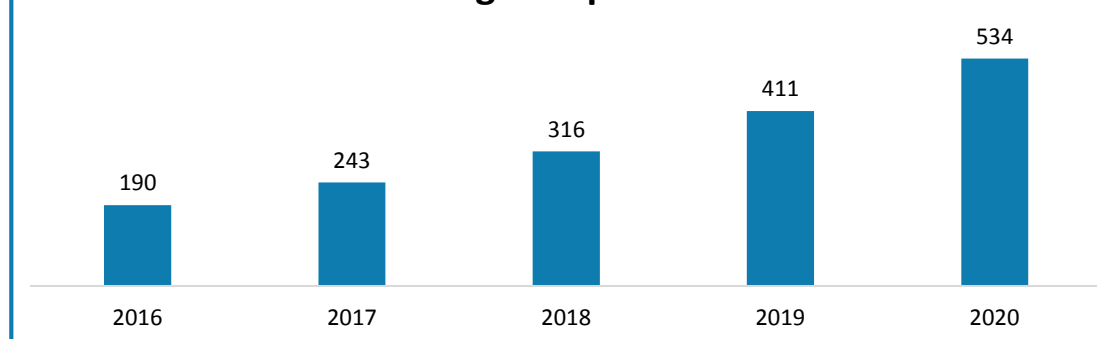
344,000
Listen exclusively to SCA's
Digital Radio Network only

PODCASTING IS A RAPIDLY GROWING MEDIUM

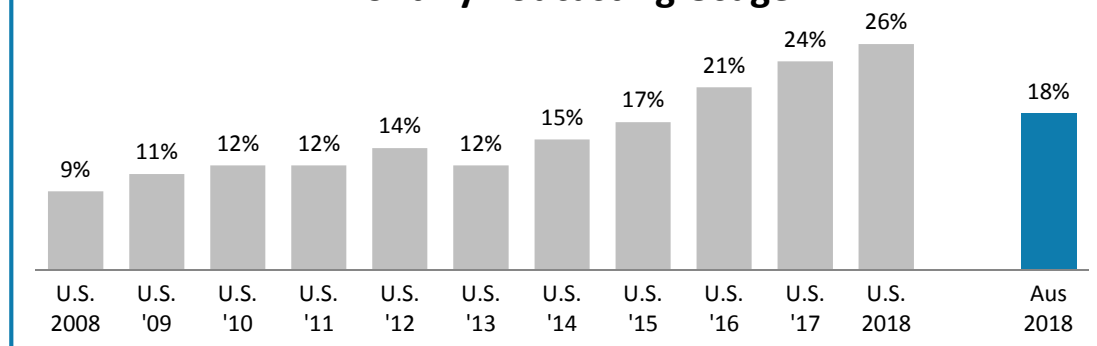
US market forecast to grow to over \$500m by 2020

Australian podcasting usage benchmarks strongly against US market

Podcasting AD Spend Trends ¹



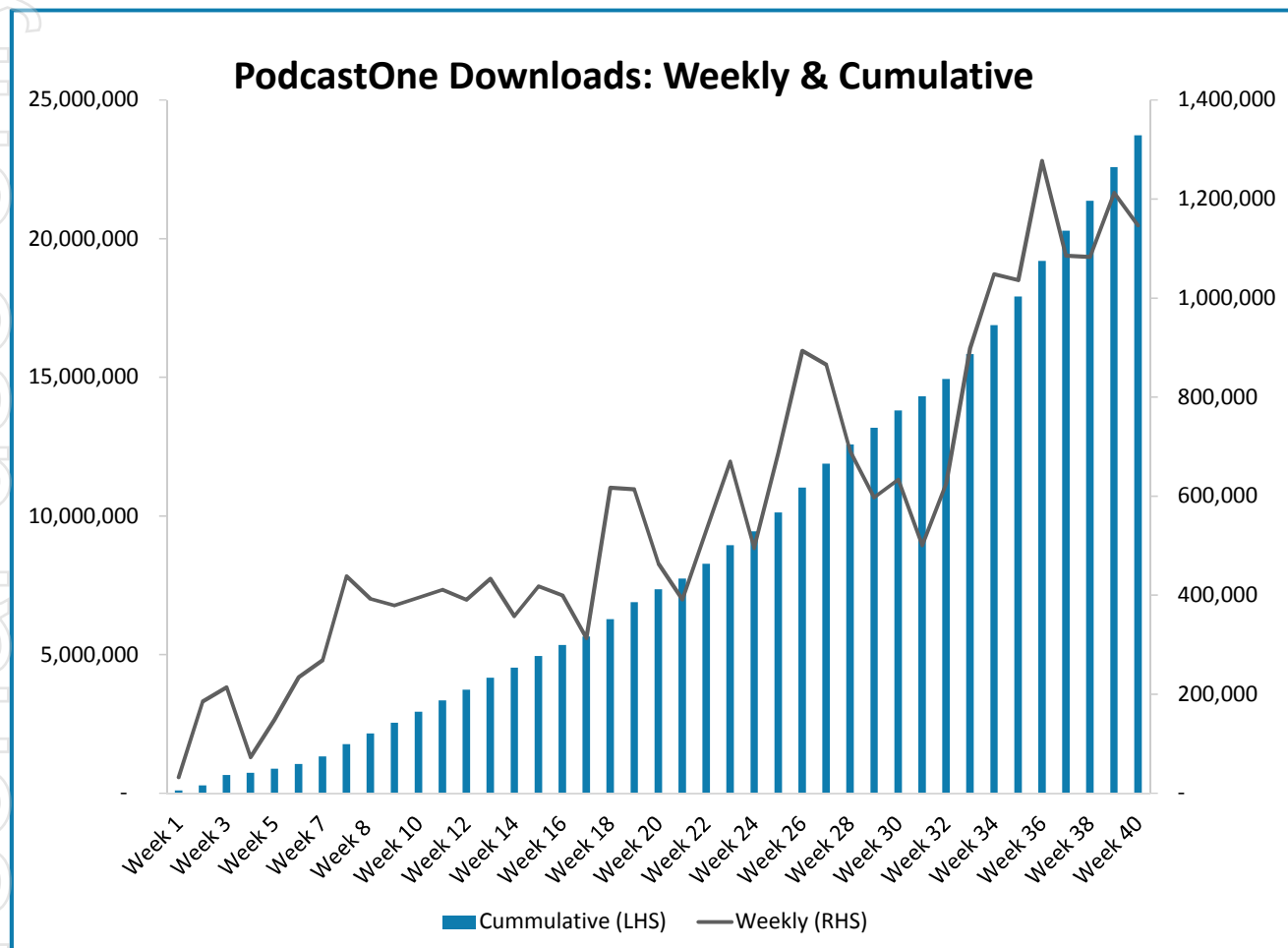
Monthly Podcasting Usage²



¹ Bridge Associates. ² Represents % of population 12+ listening to a podcast every month, Edison Infinite Dial Research, 2018



PODCAST ONE – PREMIUM ORIGINAL CONTENT

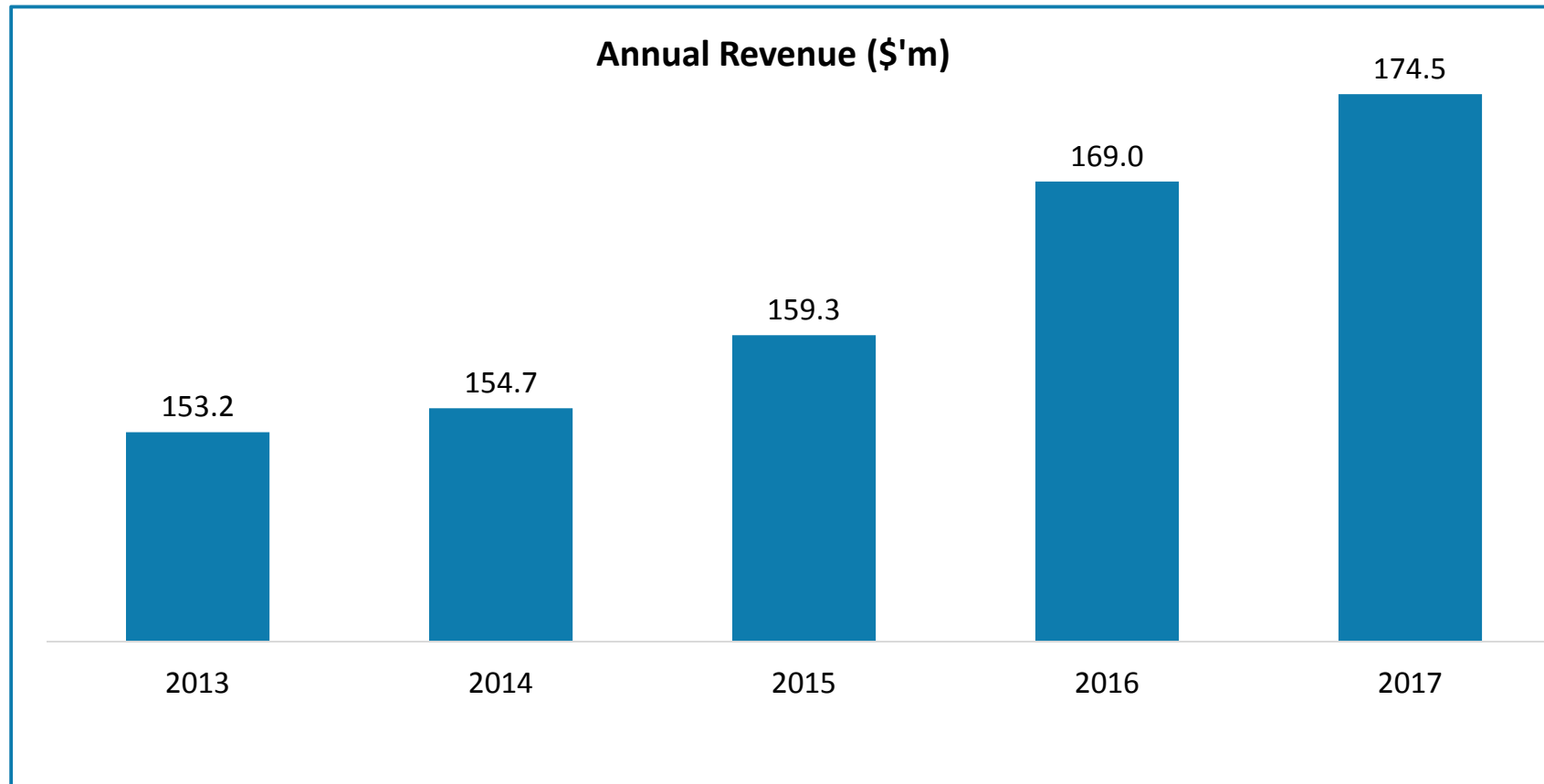


- Over 22.5 million downloads since launch
- 35 unique podcasters, 500+ episodes to date
- Focus only on unique original content
- Catch-up podcasting is purely part of Radio



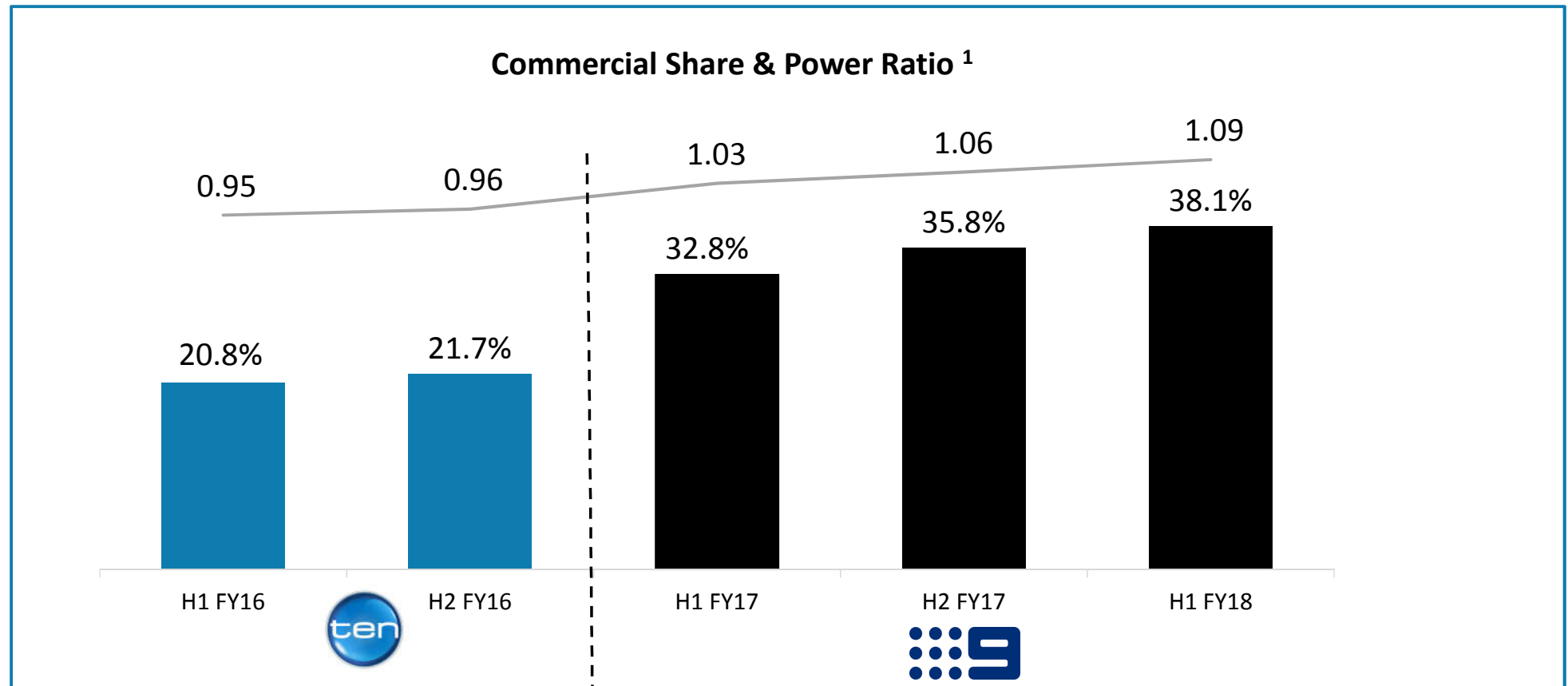
QUALITY REGIONAL ASSET BASE – REGIONAL RADIO

Regional Radio – “the consistent performer”



QUALITY REGIONAL ASSET BASE – REGIONAL TV

Regional TV – “step change in monetisation”



¹ Source: KPMG regional TV 3-aggr market data



REGIONAL MARKETS – DIGITAL MEDIA ADVICE



- Digital Media Agency – established 9 months ago
- 19 dedicated digital experts – serving 19 regional markets
- Trusted advisor – establishing an “eco system” including web design, e-commerce, social media and search engine optimisation
- Servicing SCA’s extensive SME client base
- Fee for service model
- Build phase complete – increasing return on investment



REGIONAL OUT OF HOME ENTERTAINMENT



- Development and trial phase of innovative partnership with QIC
- High impact screens located throughout food courts
- Bespoke local content and advertising
- Trial covering 6 large format regional malls
- Revenue share model
 - QIC investing capex
 - SCA responsible for content and monetisation



REGIONAL MARKETS – NEW CLIENT INVESTMENT PHASE

- 40% of Australians live & work in Regional Australia
- Key markets: Newcastle, Gosford, Canberra, Gold Coast, Townsville & Hobart
- Years of underinvestment in regions by national advertisers
- Education is the key – “The Economic Benefit of Investments”
- Past 12 months – National radio spend increased 12%
- SCA uniquely placed to lead strategy



A SMARTER WORKPLACE – POSITIVE COST IMPLICATIONS



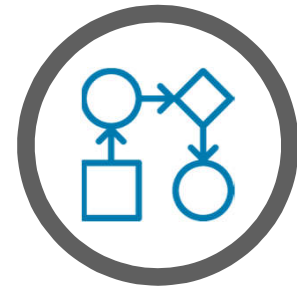
Radio playout system
improving content
ingest



National SCAsat radio
distribution



Unified sales and
booking systems



System consolidation
creating standardised
processes

New Television playout
system underway –
“licence or build”?

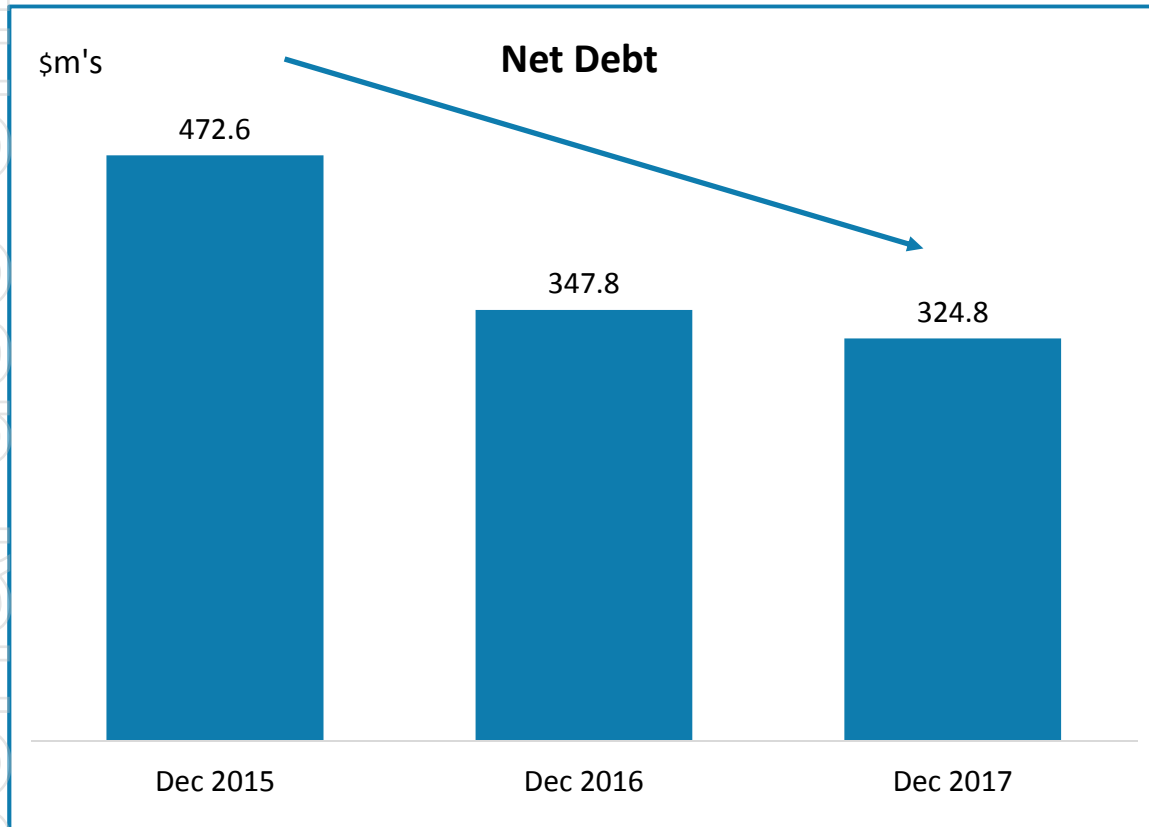
TX replacement
program reducing
power costs

CRM upgrade driving
sales efficiency

Automation of back
office processing



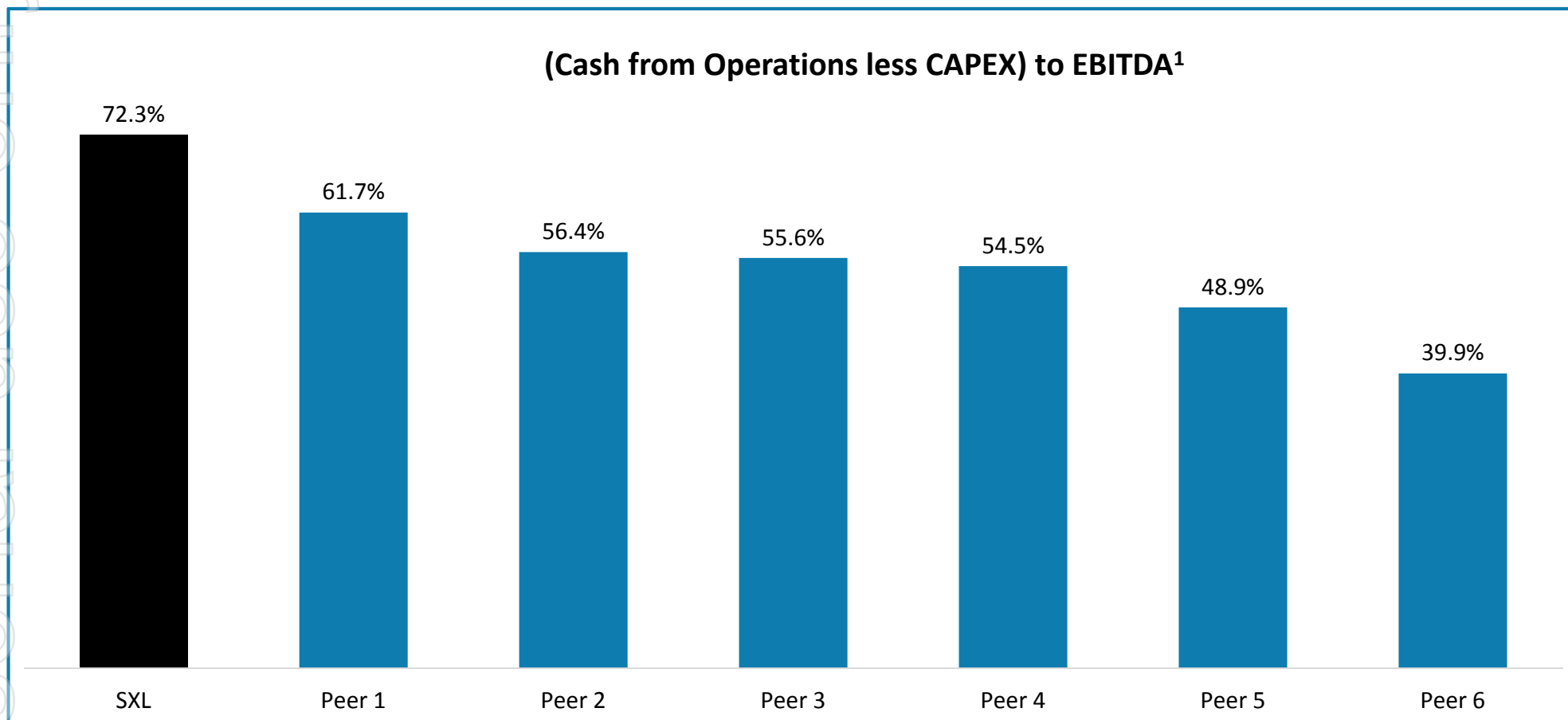
DEBT REDUCTION PROGRAM – STRONGER BALANCE SHEET



- Debt Reduction Program has been a priority for the company in last two years
- Stronger Balance Sheet – platform for investment and growth
- Cycling out of low to negative growth and “back of house” assets
- 43% reduction in finance costs over 2 years



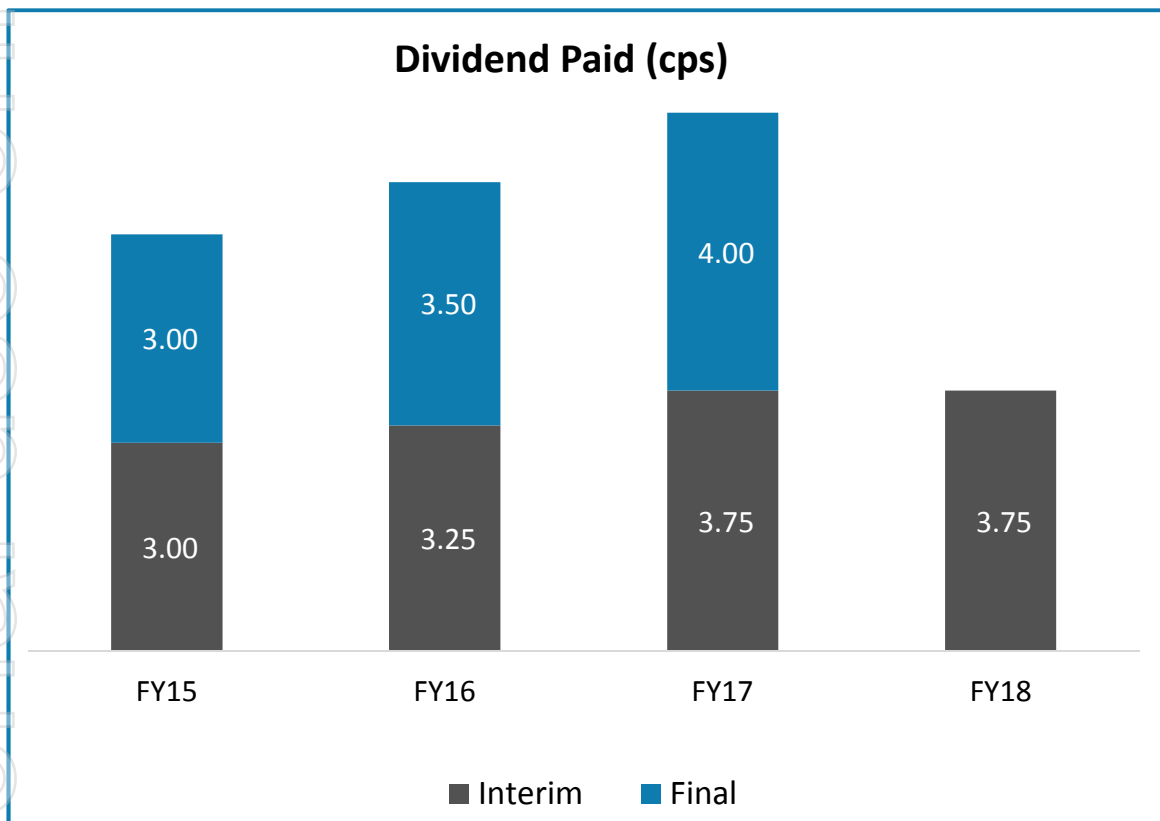
CASHFLOW – SCA CASH CONVERSION LEADS THE SECTOR



¹ Data represents last twelve months to December 2017. Source: company filings



SUSTAINABLE DIVIDEND POLICY



- Dividend payout policy 65% - 85% range of NPAT
- Strong cash generation supports payout ratio to shareholders
- Modest capital investment for earnings growth sourced from cashflow (e.g. Digital Radio Portfolio, PodcastOne and Quik Entertainment)



TRADING UPDATE

- Advertising markets remain consistent with growth expectations similar to H1
- SCA H2 group revenue growth forecast to be 2.5 – 3.5% v p.c.p (excl. NNSW TV)
 - Regional assets continue steady growth on p.c.p
 - Metro radio had weaker end to Q3 than expected but pacing stronger in Q4
 - Metro surveys 1 and 2 have yielded solid audience growth and validated new programming and music repositioning
- Full year cost base now expected to be 1.0 – 1.5% below statutory FY17 result given revenue forecast



CONCLUSION

Clearly defined corporate strategy guiding execution of operating plan

Focus on growing audio assets

- Radio audiences increasing
- Digital radio providing growth platform
- Podcasting creating complementary audio on-demand revenue stream

Strength of SCA's regional assets

- Consistent growth in regional radio
- Strong conversion of TV audiences
- Addressing regional underinvestment

Strong financial metrics

- High cashflow conversion with modest capital investment
- Balance sheet strengthening complete



personal use only



SOUTHERN CROSS AUSTereo

absolutely engaging