SOUTHERN CROSS AUSTEREO
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ASX RELEASE **23 AUGUST 2018**

SOUTHERN CROSS AUSTEREO DELIVERS EBITDA OF $154.7M

Southern Cross Media Group Limited (ASX: SXL) (**Southern Cross Austereo** or **SCA**) today announced its financial results for the year ended 30 June 2018. This included EBITDA of $154.7m, with the group maintaining strong cash flow conversion. The final dividend was maintained at 4.00 cents per share, fully franked.

The following table shows comparisons to the prior year:

	FY2018	Comparison to FY2017	
Revenue	$654.1m	5.3%	↓
EBITDA	$154.7m	12.8%	↓
Reported NPAT	$1.4m	98.7%	↓
Underlying NPAT	$75.3m	19.7%	↓
Underlying EPS	9.79 cents	19.8%	↓
Net Debt	$304m	5.3%	↓
Full year dividends	7.75 cents	No change	-

2018 has been a year of transition and investment for the future. Asset disposals in earlier periods have impacted short term earnings while delivering financial stability and prospects for future growth.

Highlights of the results include:

- Revenue contracted 5.3% and EBITDA by 12.8%. Like-for-like revenues were up 0.6% on FY2017 and EBITDA was relatively flat after accounting for non-recurring items – sale of NNSW TV ($10m), FY17 profit on disposal of assets ($3m), Spectrum tax ($3m), FY17 H1 credits - ACMA and copyright dispute ($5m).

- NPAT contracted principally due to an impairment (net of tax) of $73.9M, which was booked to regional television licences. Underlying NPAT was $75.3m.

- The regional business performed well, producing 3.2% revenue growth on a like-for-like basis. Regional radio revenue was up 4.6%, led by national regional revenue up 15.3%.

- Metro revenues improved in the second half, benefiting from better survey results and launch of the digital radio monetisation strategy. SCA's investment in digital radio provides a sustainable advantage over commercial radio competitors.

- The balance sheet is healthy with reduced debt, lower financing costs, significant covenant headroom and strong cash conversion.

- Shareholder returns were maintained with dividends of 7.75 cents per share. The final dividend of 4.00 cents per share will be fully franked.

Southern Cross Austereo CEO Grant Blackley said:

"Driven by stronger Metro ratings and launch of the digital radio monetisation strategy, SCA has taken positive momentum into the new financial year. For the full year, group revenue was up 0.6% on a like-for-like basis."

"SCA's unique strategy for monetising its digital radio assets provides a sustainable competitive advantage. Aggregation of SCA's FM and digital radio audiences in the five Metro markets has added over 300,000 listeners to SCA's audience, providing meaningful additional reach and value for advertisers."

"SCA's regional business continues to perform. Regional radio revenues grew by 4.5%, marking a seventh consecutive year of growth. This growth was supported by the continued education of national advertisers about our large and growing regional communities and a resulting improvement in their investment in regional markets. National revenues were up 15.3% on the prior year."

"SCA's regional television assets also performed well, with revenues up 3.6% on a like-for-like basis. A significant aspect of this performance was SCA's premium selling strategy. SCA's power ratio (ratings to revenue conversion) in the three aggregated markets grew from 1.03 to 1.09 in the first half and remained steady at 1.06 in the second half (despite competing against the Winter Olympics and Commonwealth Games)."

"We are excited by the emergence of PodcastOne as the pre-eminent commercial podcast business in Australia, achieving 45 million downloads since launch in August 2017. Our premium curated original content is engaging new audiences and creating increased commercial interest."

"We maintain a close focus on the efficiency of our operations. Under a new structure implemented from 1 July 2018, our core business functions of operations, content, sales, finance and corporate affairs, and technology have been aligned nationwide. This will enable us to further improve and streamline processes, communication flows and decision-making. We have also upgraded many of our back office support systems over the past three years. These investments will lead to better workplace planning, decision-making and effectiveness."

Outlook for FY2019

SCA has begun FY2019 with positive momentum. Group revenues for July and August are 5% ahead of the prior year, while expenses are growing more slowly. SCA remains focused on developing and efficiently monetising its unique and diverse entertainment asset base to become the preferred entertainment company in our markets.

For further information, please contact:

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