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SOUTHERN CROSS AUSTEREO

Investor Day

25 October 2018



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SCA LEADERSHIP TEAM



Grant Blackley
CEO and Managing
Director



Nick McKechnie
Chief Financial Officer



Guy Dobson
Chief Creative
Officer



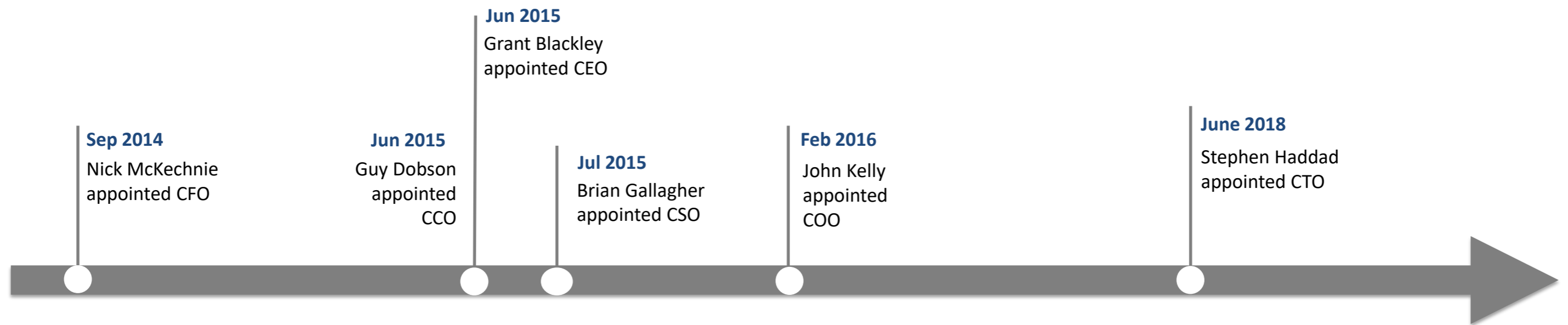
Brian Gallagher
Chief Sales
Officer



John Kelly
Chief Operating
Officer



Stephen Haddad
Chief Technology
Officer



AGENDA

1. Strategic Overview

Grant Blackley, CEO

2. Capital Management

Nick McKechnie, CFO

3. SCA Operations

John Kelly, COO

Break

4. Content and Brands

Guy Dobson, Chief Creative Officer

5. Monetisation and Sales

Brian Gallagher, Chief Sales Officer

6. Technology

Stephen Haddad, CTO

7. Conclusion

Grant Blackley, CEO



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.

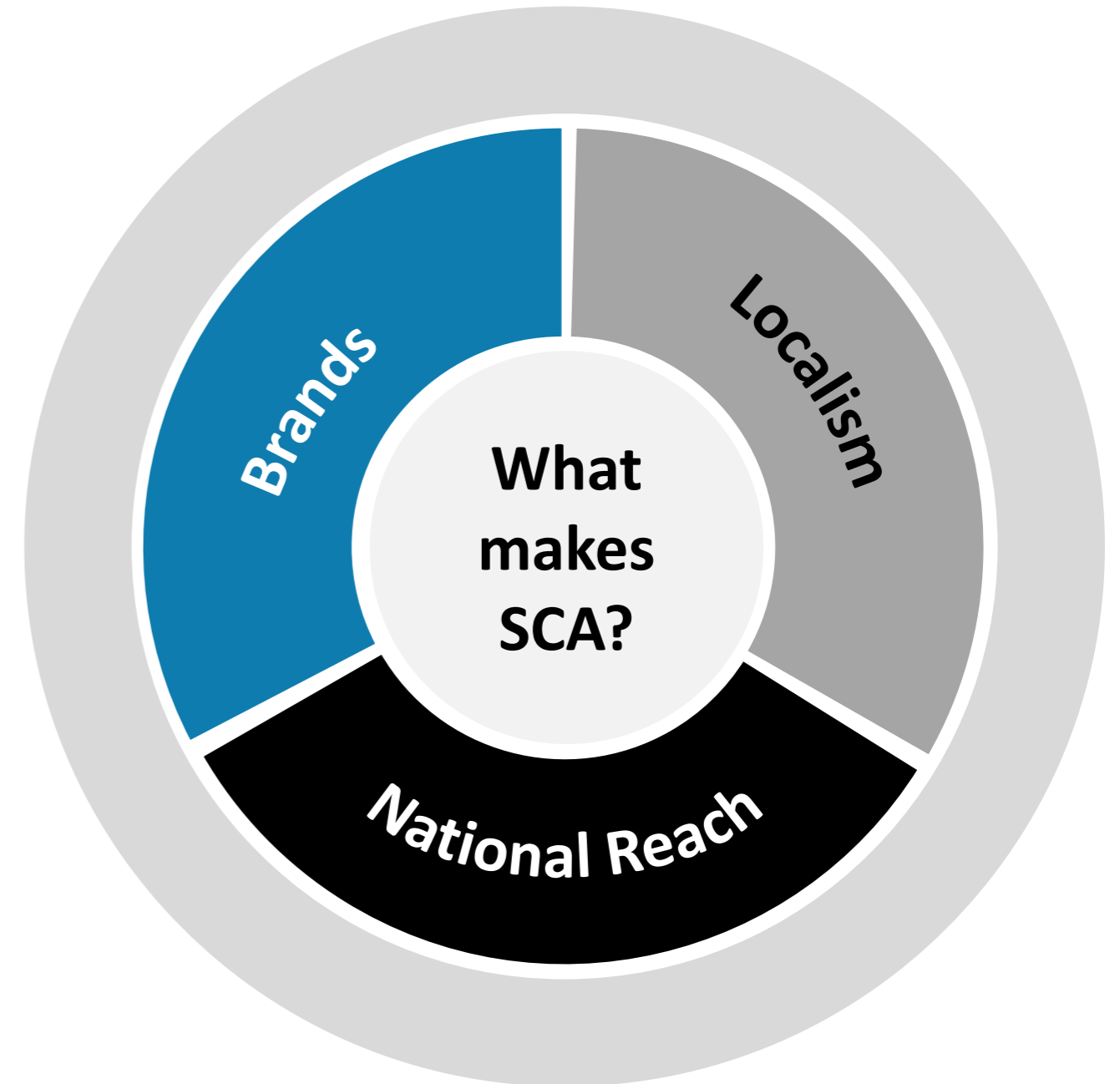
As a result SCA will be the preferred entertainment company in our markets”.



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** – circa 2,000 skilled people across 60 offices throughout Australia
- **Sales co-ordination** – the largest sales team in Australian media – circa 700 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 opportunities in adjacent sectors

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SCA CORE ASSET BASE

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METRO



18 metro radio stations
- 10 FM stations and 8
digital radio stations

REGIONAL

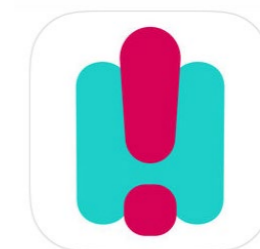


TV affiliation in
regional Australia –
105 signals



68 regional
radio stations

NATIONAL



94 websites + apps,
digital agency





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DARWIN

SEVEN NETWORK - SEVEN, 7TWO, 7MATE
 DDT (JV) TEN NETWORK - TEN, ONE, ELEVEN

1 SUB - MARKET:
 • DARWIN

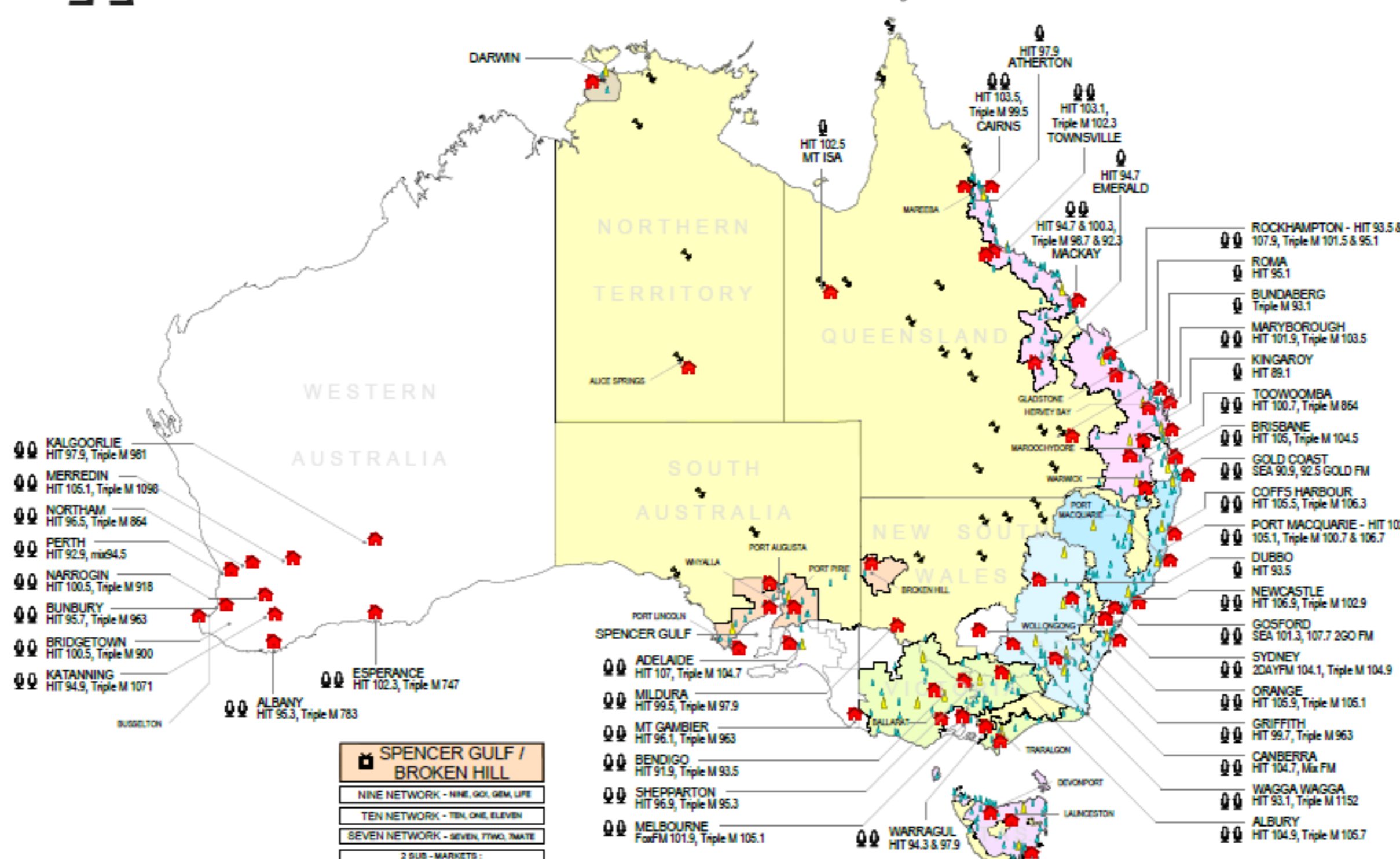
VAST / RC&E

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



- KALGOORLIE
HIT 97.9, Triple M 981
- MERREDIN
HIT 105.1, Triple M 1098
- NORTHAM
HIT 96.5, Triple M 864
- PERTH
HIT 92.9, mix94.5
- NARROGIN
HIT 100.5, Triple M 918
- BUNBURY
HIT 95.7, Triple M 963
- BRIDGETOWN
HIT 100.5, Triple M 900
- KATANNING
HIT 94.9, Triple M 1071

- ALBANY
HIT 95.3, Triple M 783
- ESPERANCE
HIT 102.3, Triple M 747

**SPENCER GULF /
BROKEN HILL**

NINE NETWORK - NINE, GOI, GEM, LIFE
 TEN NETWORK - TEN, ONE, ELEVEN
 SEVEN NETWORK - SEVEN, 7TWO, 7MATE

2 SUB - MARKETS:
 • PORT LINCOLN/BROKEN HILL
 • PORT PIKE

- WYALLA
- PORT LINCOLN
- SPENCER GULF
- ADELAIDE
HIT 107, Triple M 104.7
- MILDURA
HIT 99.5, Triple M 97.9
- MT GAMBIER
HIT 96.1, Triple M 963
- BENDIGO
HIT 91.9, Triple M 93.5
- SHEPPARTON
HIT 96.9, Triple M 95.3
- MELBOURNE
FoxFM 101.9, Triple M 105.1

VICTORIA

NINE NETWORK - NINE, GOI, GEM, LIFE

5 SUB - MARKETS:
 • ALBURY • GIPPSLAND
 • BALLARAT • SHEPPARTON
 • BENDIGO

- WARRAGUL
HIT 94.3 & 97.9
- WOLLONGONG
- TARALONG
- LAUNCESTON
- DEVONPORT

TASMANIA

SEVEN NETWORK - SEVEN, 7TWO, 7MATE
 TDT (JV) NINE NETWORK - NINE, GOI, GEM, LIFE

2 SUB - MARKETS:
 • HOBART • LAUNCESTON

- ROCKHAMPTON - HIT 93.5 & 107.9, Triple M 101.5 & 95.1
- ROMA
HIT 95.1
- BUNDABERG
Triple M 93.1
- MARYBOROUGH
HIT 101.9, Triple M 103.5
- KINGAROY
HIT 89.1
- TOOWOOMBA
HIT 100.7, Triple M 864
- BRISBANE
HIT 105, Triple M 104.5
- GOLD COAST
SEA 90.9, 92.5 GOLD FM
- COFFS HARBOUR
HIT 105.5, Triple M 106.3
- PORT MACQUARIE - HIT 102.3 & 105.1, Triple M 100.7 & 106.7
- DUBBO
HIT 93.5
- NEWCASTLE
HIT 106.9, Triple M 102.9
- GOSFORD
SEA 101.3, 107.7 2GO FM
- SYDNEY
2DAYFM 104.1, Triple M 104.9
- ORANGE
HIT 105.9, Triple M 105.1
- GRIFFITH
HIT 99.7, Triple M 963
- CANBERRA
HIT 104.7, Mix FM
- WAGGA WAGGA
HIT 93.1, Triple M 1152
- ALBURY
HIT 104.9, Triple M 105.7

QUEENSLAND

NINE NETWORK - NINE, GOI, GEM, LIFE

7 SUB - MARKETS:
 • CAIRNS • TOOWOOMBA
 • CENTRAL OLD • TOWNSVILLE
 • MACKAY • WIDE BAY
 • SUNSHINE COAST

NORTHERN NSW

State Representation for NINE NETWORK

- COFFS HARBOUR • PORT
- GOLD COAST • MACQUARIE /
- LISMORE • TAREE
- NEWCASTLE • TAMWORTH

SOUTHERN NSW

NINE NETWORK - NINE, GOI, GEM, LIFE

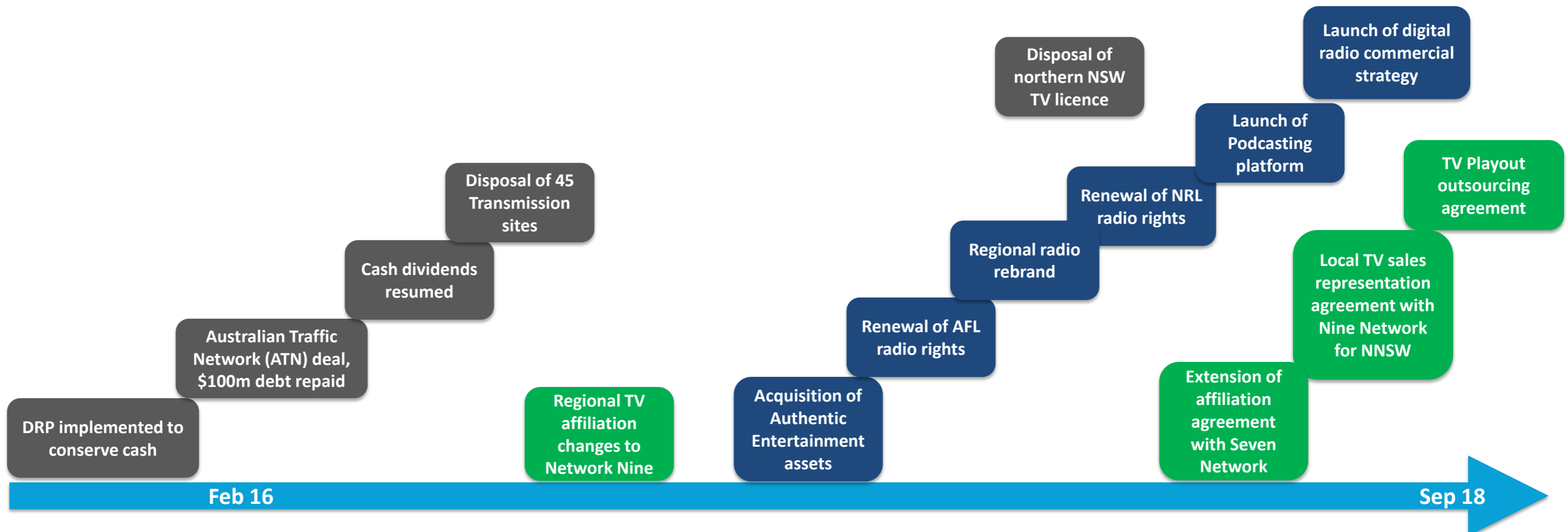
5 SUB - MARKETS:
 • CANBERRA • WAGGA WAGGA
 • DUBBO/ORANGE • WOLLONGONG
 • SOUTH COAST

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SIGNIFICANT ACHIEVEMENTS IN LAST 3 YEARS

Strategic focus:

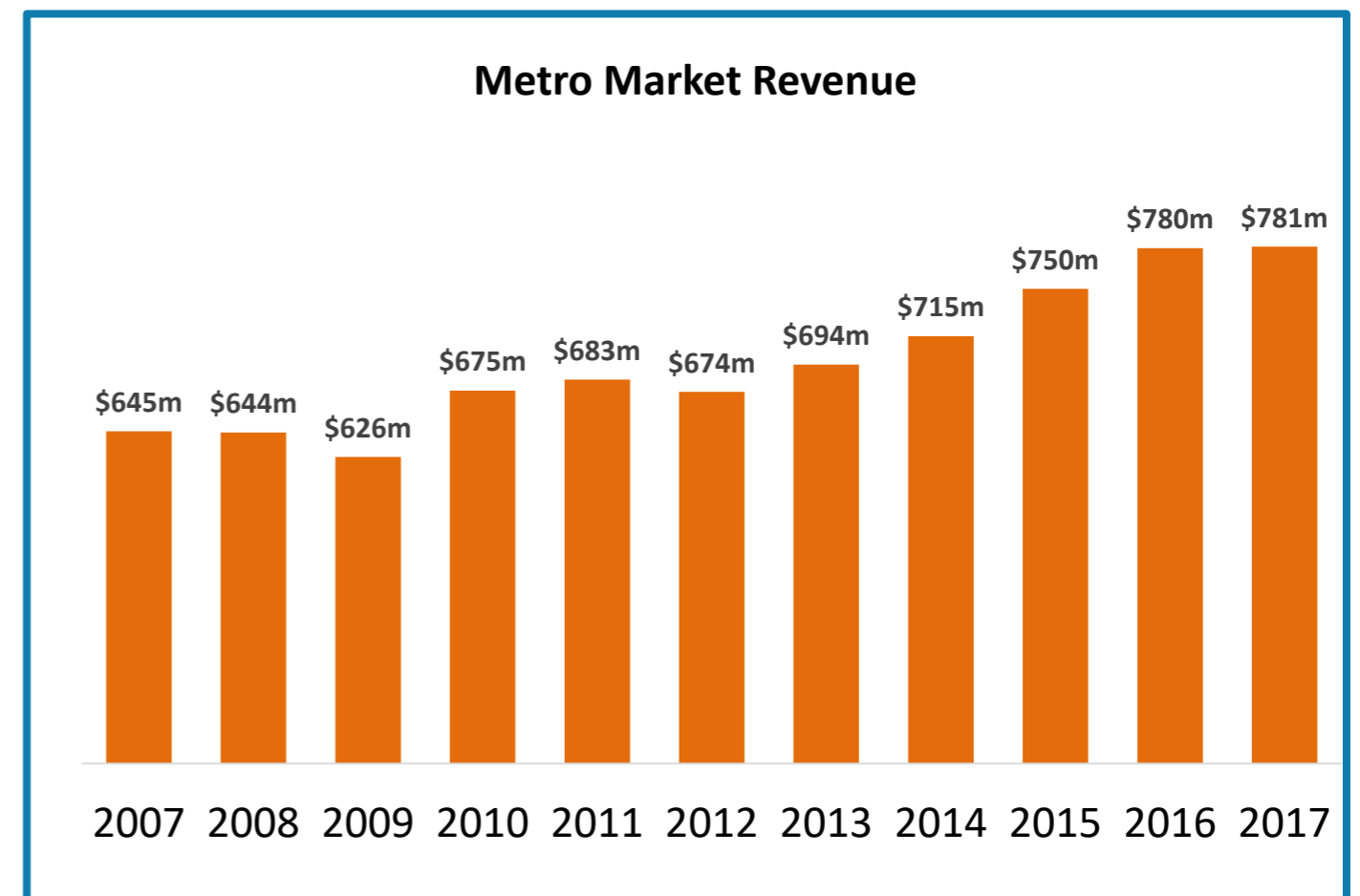
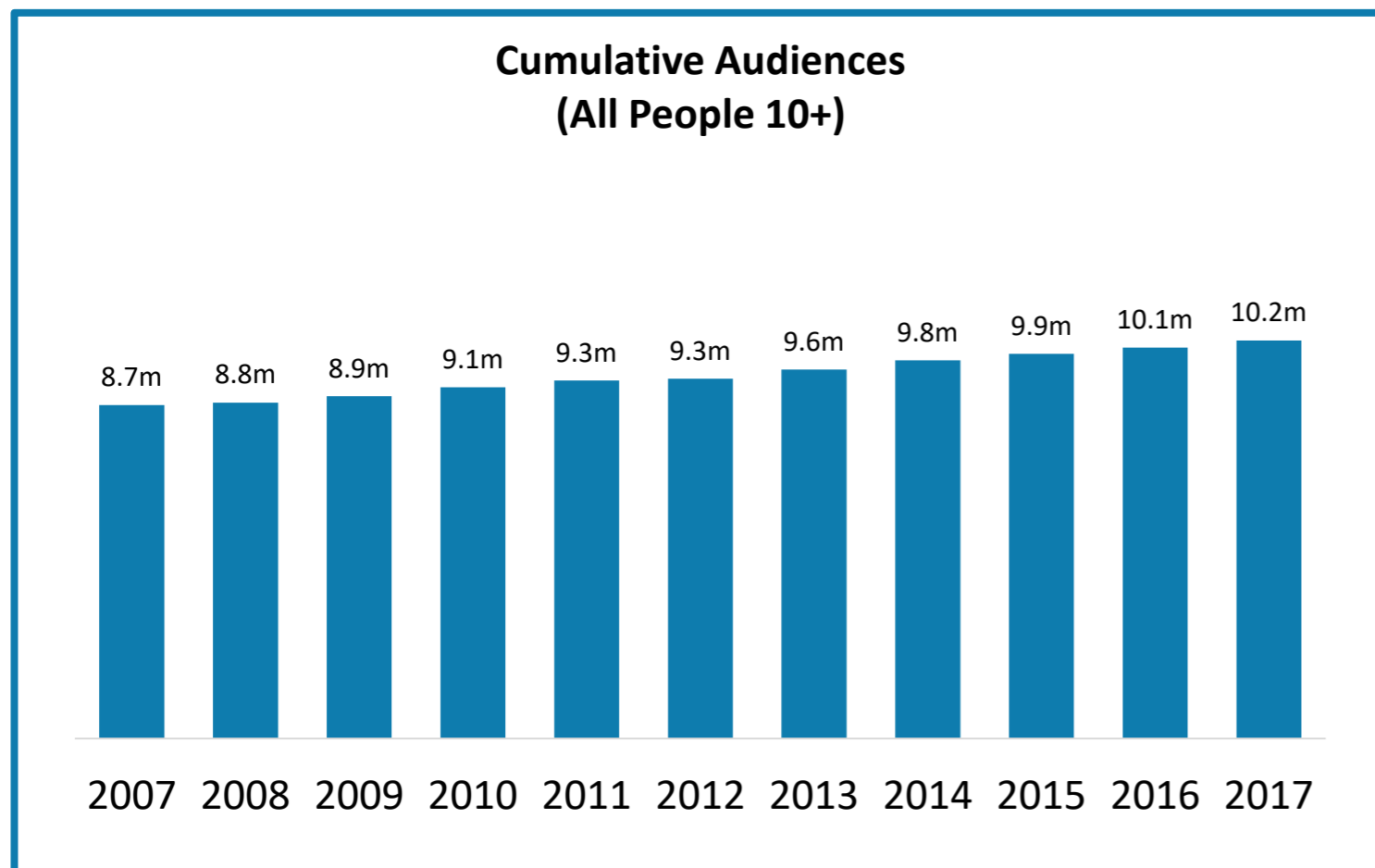
- Balance sheet repair – cash conservation and non-core asset divestment
- Asset realignment – TV alignment with Nine and Seven
- Audio assets – national branding and digital extensions



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RADIO IS A GROWTH PLATFORM

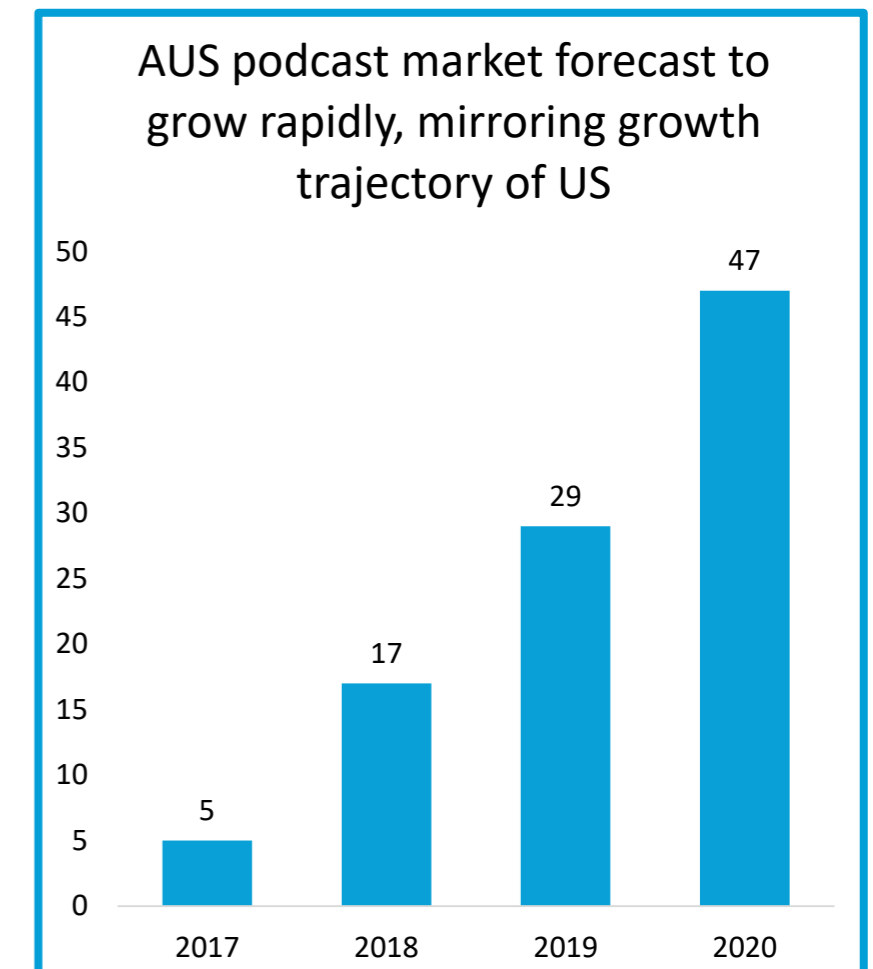
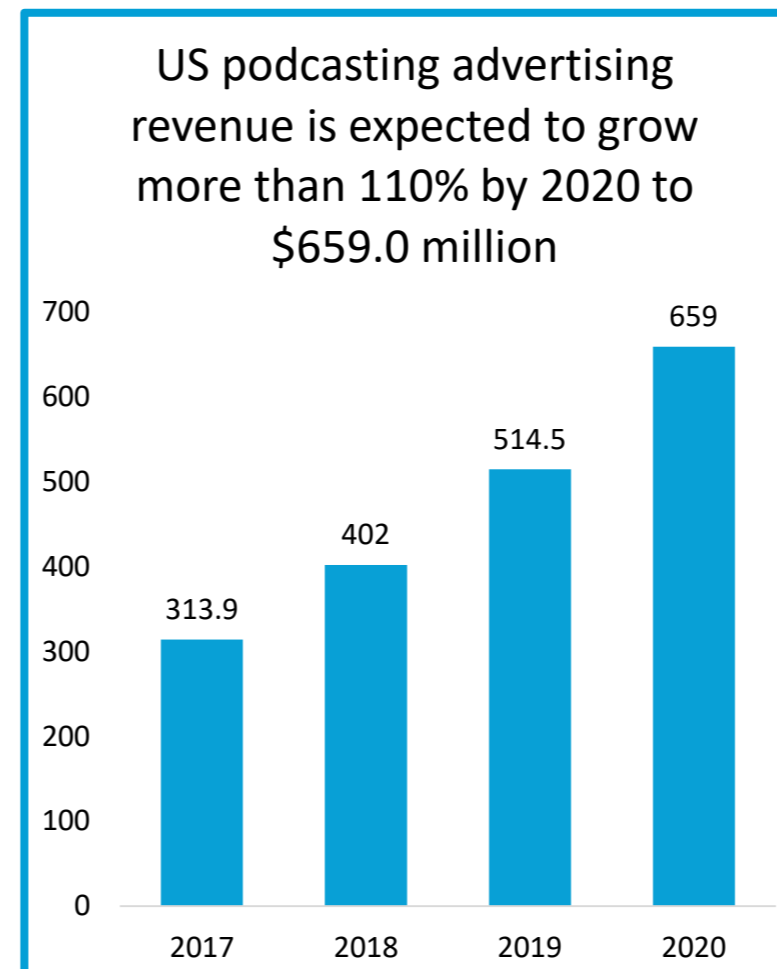
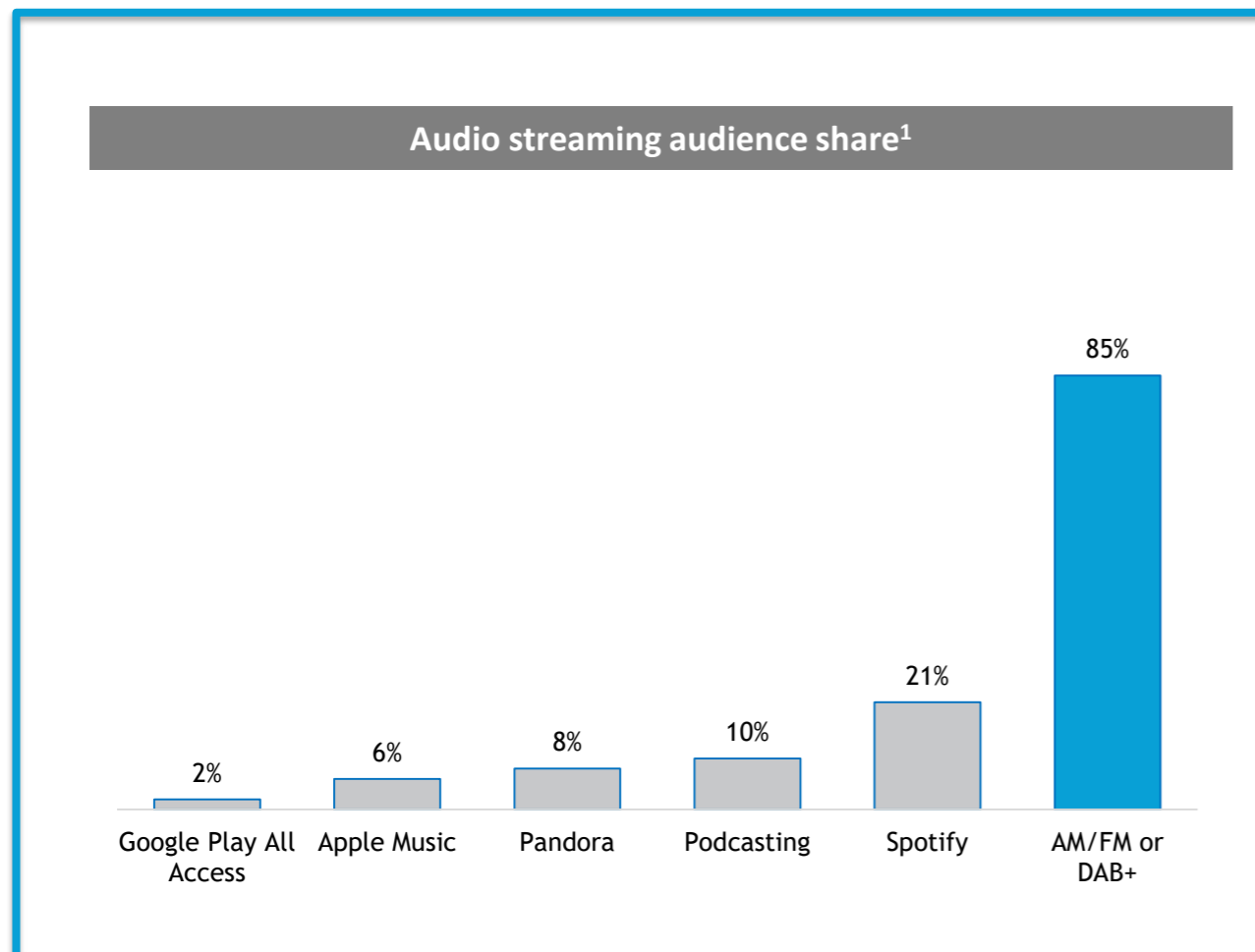
Radio audience growth supported by population increases, portability of radio (home, car, work, mobile) and underpinned by targeted investment in local content



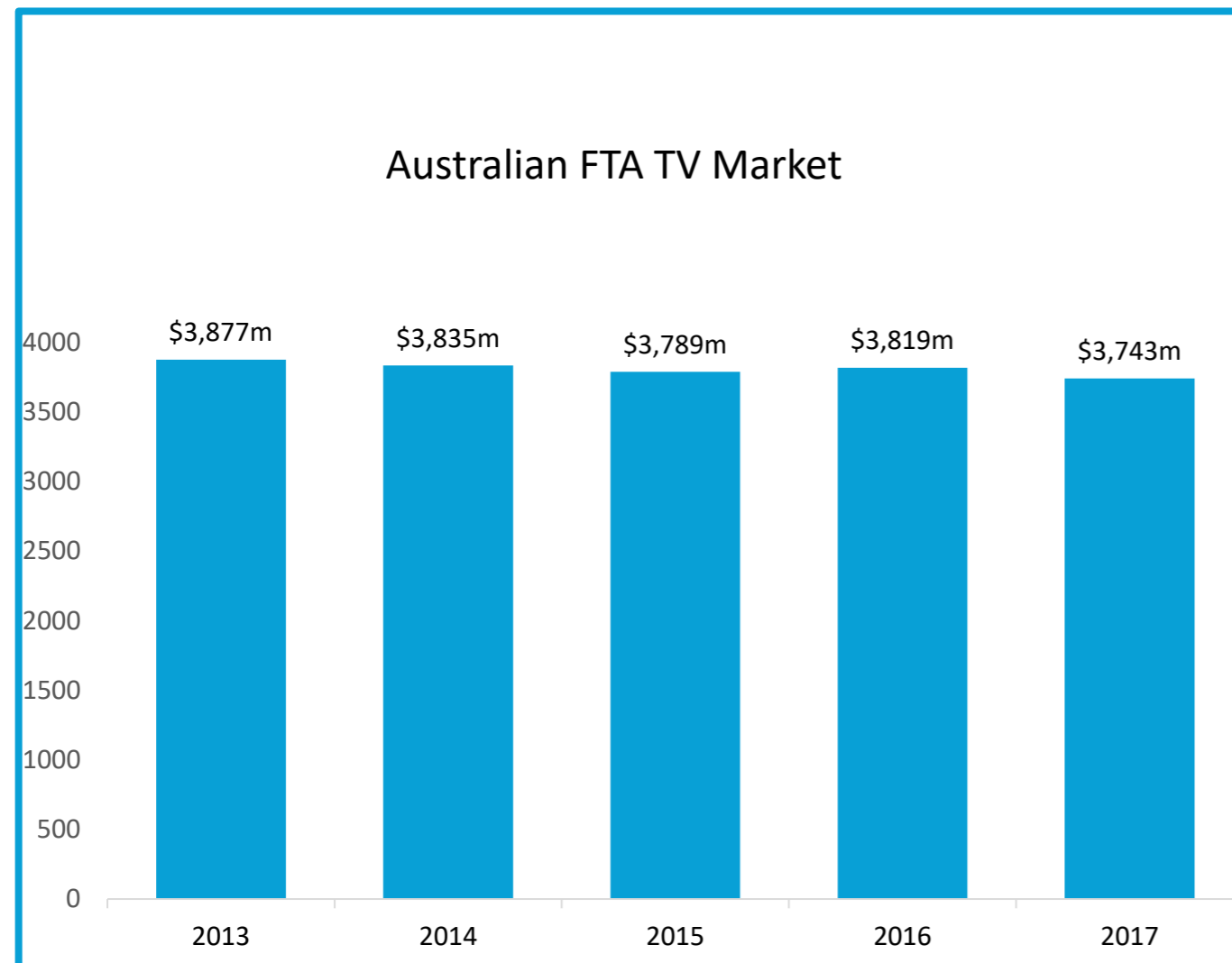
Source: GFK metro market revenue: Deloitte - Cume reflects all people that listen to radio during the period.

EMBRACING NEW AUDIO PLATFORMS

Whilst radio has remained a resilient medium to date, digital distribution enables consumers to receive **audio on-demand** and **personalised content** and provides new growth opportunities



FTA TELEVISION MARKET – STRATEGY REFINED TO MAXIMISE OPPORTUNITY



SCA has focussed on maximising its competitive advantages in television

- ✓ Dual ownership of regional radio and TV assets provides clear point of difference in market through localism and reach
- ✓ Alignment with leading networks in Nine and Seven
- ✓ TV retains a premium reach and brand safe environment delivering high advertising ROI
- ✓ Fully variable content fees mitigate exposure to market
- ✓ Industry consolidation of back office functions



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CAPITAL MANAGEMENT

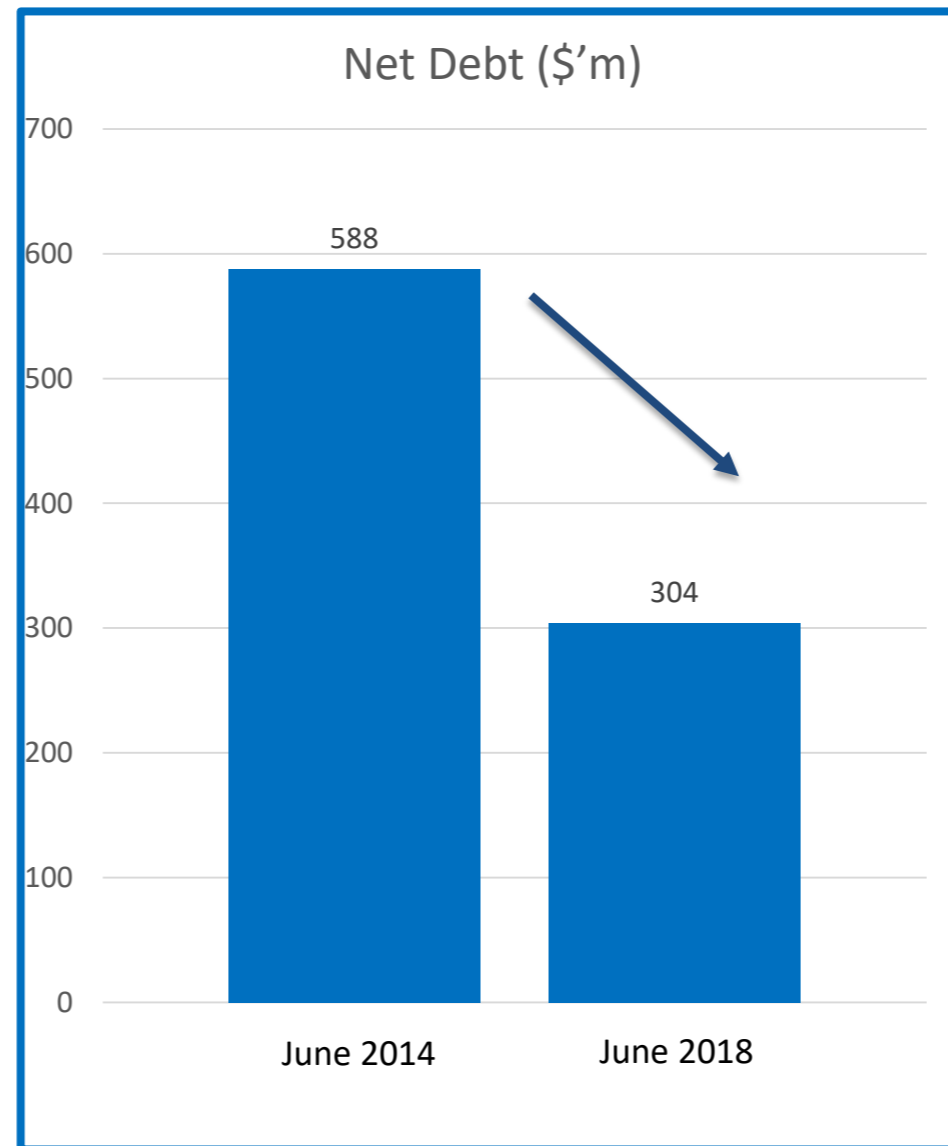
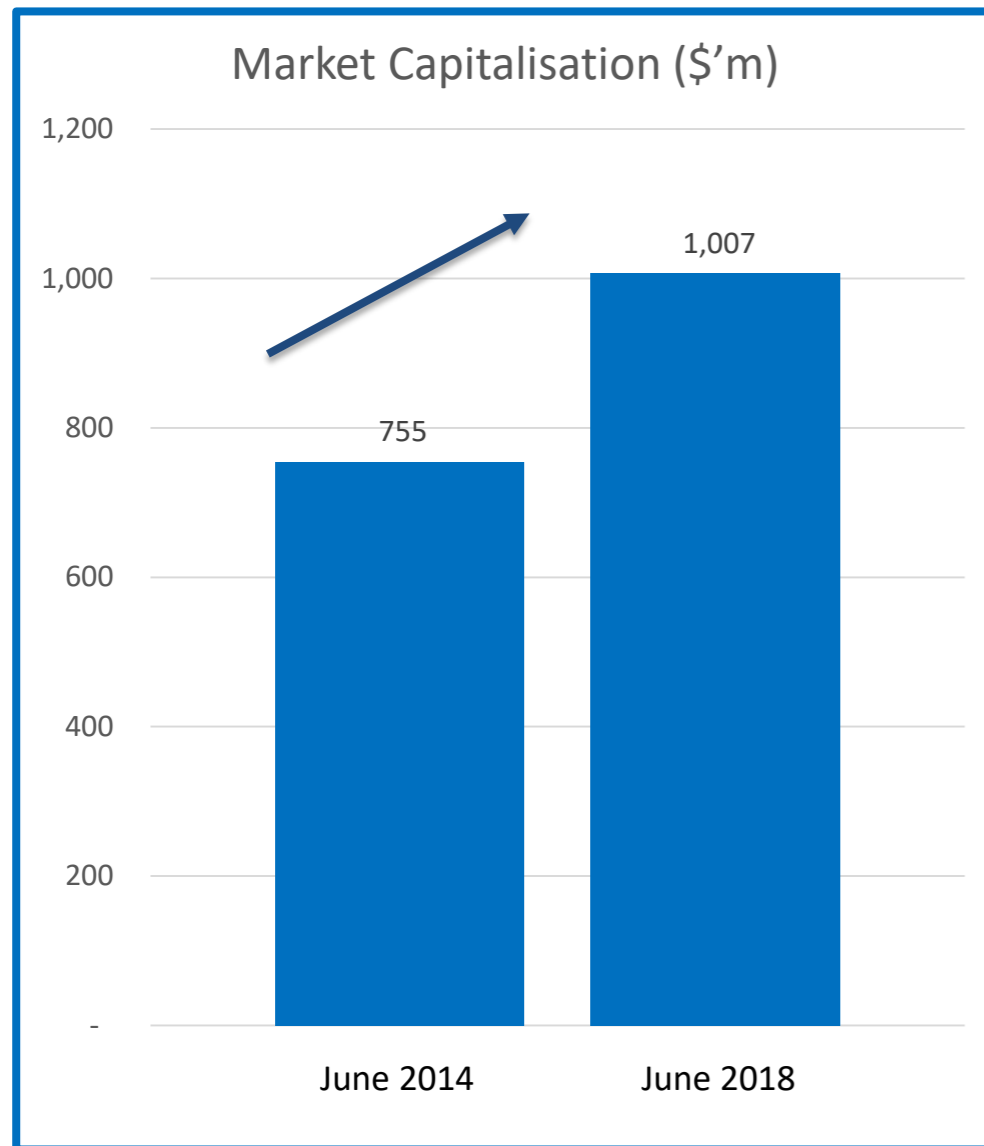
NICK McKECHNIE

CHIEF FINANCIAL OFFICER



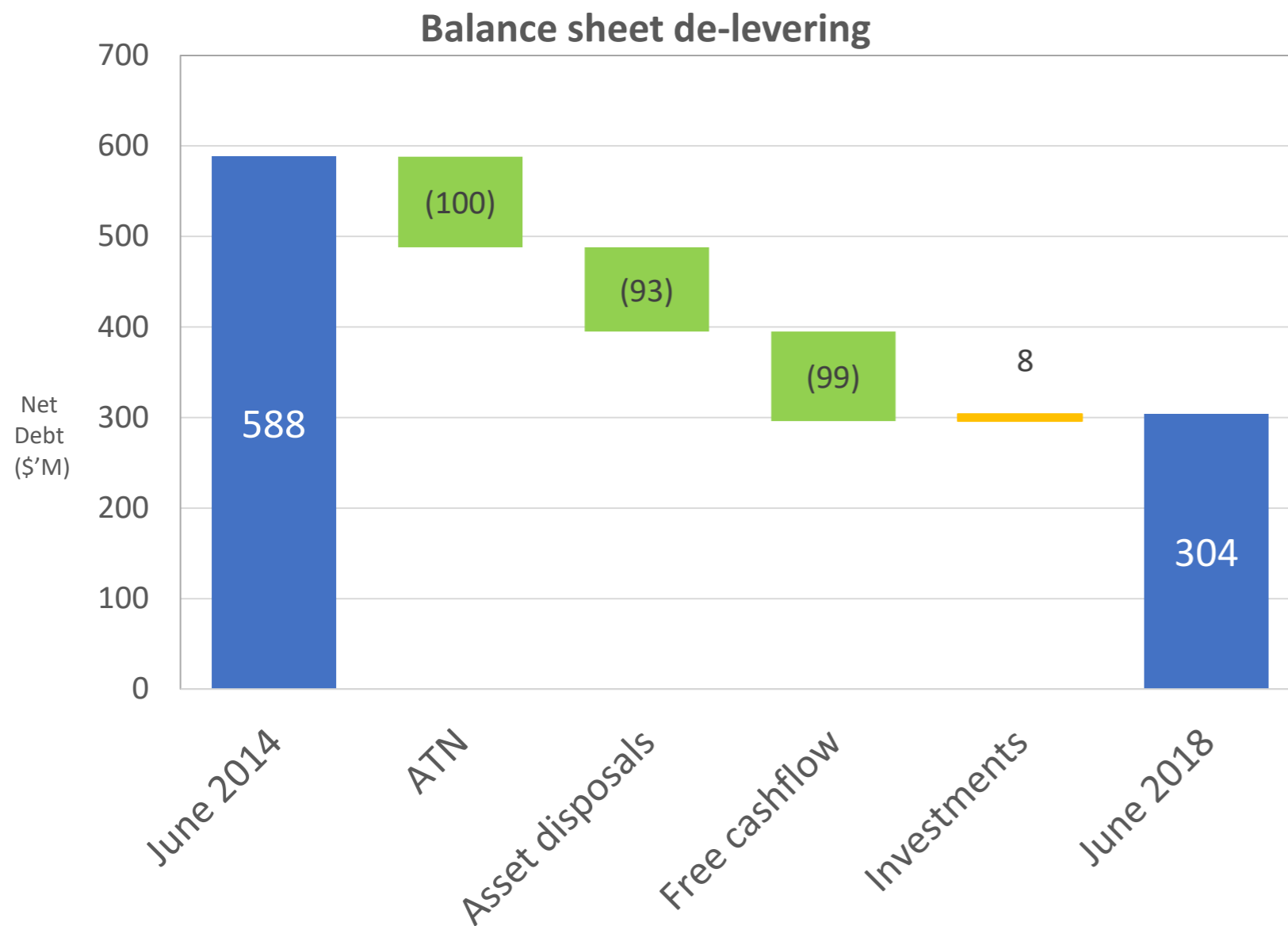
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CAPITAL STRUCTURE SUCCESSFULLY RIGHT-SIZED



- Capital structure of business strengthened through focussed de-levering of debt and operational improvement
- Debt reduction has resulted in leverage falling from 2.93x to 1.79x
- Financing costs reduced to \$14.8m in FY18 from \$39.3m in FY14

BALANCE SHEET DE-LEVERING



- \$284m or 48% reduction in net debt over last 4 years
- Debt reduction program has positioned SCA with much improved balance sheet and has created flexibility to pursue corporate strategy



CAPITAL MANAGEMENT OBJECTIVES ALIGNED WITH GENERATING SHAREHOLDER RETURNS

Minimise WACC



Capital allocation targeting ROIC growth



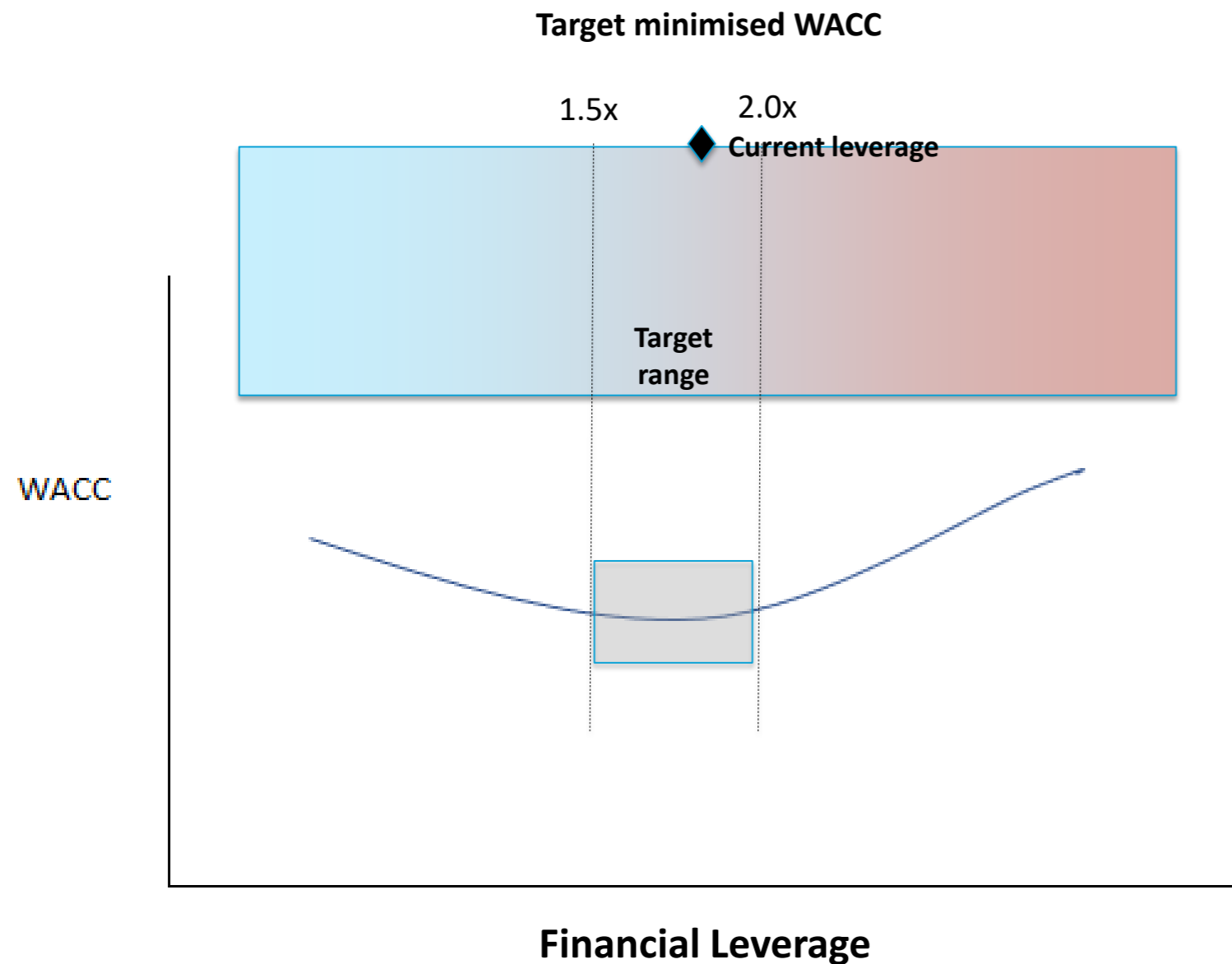
Grow EPS consistently

- Manage leverage within target range
- Management focus on achieving long term ROIC growth
- Disciplined allocation of capital in growing existing business and new opportunities

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OPTIMAL CAPITAL STRUCTURE



- SCA seeking to maintain leverage equivalent to low investment grade metrics
- Leverage ratio range of 1.5x to 2.0x considered appropriate in current environment
- Targeting mix of debt and equity that minimises WACC



TARGETING BALANCE OF ROIC & LONG-TERM EPS GROWTH

Management focus on increasing both ROIC and EPS provides balanced measures to ensure disciplined allocation of capital



Optimise Key Audio Assets

- ✓ High operating leverage in radio rewards improved performance, especially 2DAY FM
- ✓ Digital radio strategy provides audience growth at low cost
- ✓ Talent development program helps manage talent cost
- ✓ Podcasting business has low capital requirements



Ensure an improved audio experience for our audiences

- ✓ Digital platforms increase content reach
- ✓ Digital products leverage pre-existing content creation costs



Monetise all available audiences efficiently with clients

- ✓ Investment in new systems to create operating efficiencies
- ✓ Investment in measurement and attribution systems to support continued market investment in audio



Explore opportunities in adjacent sectors

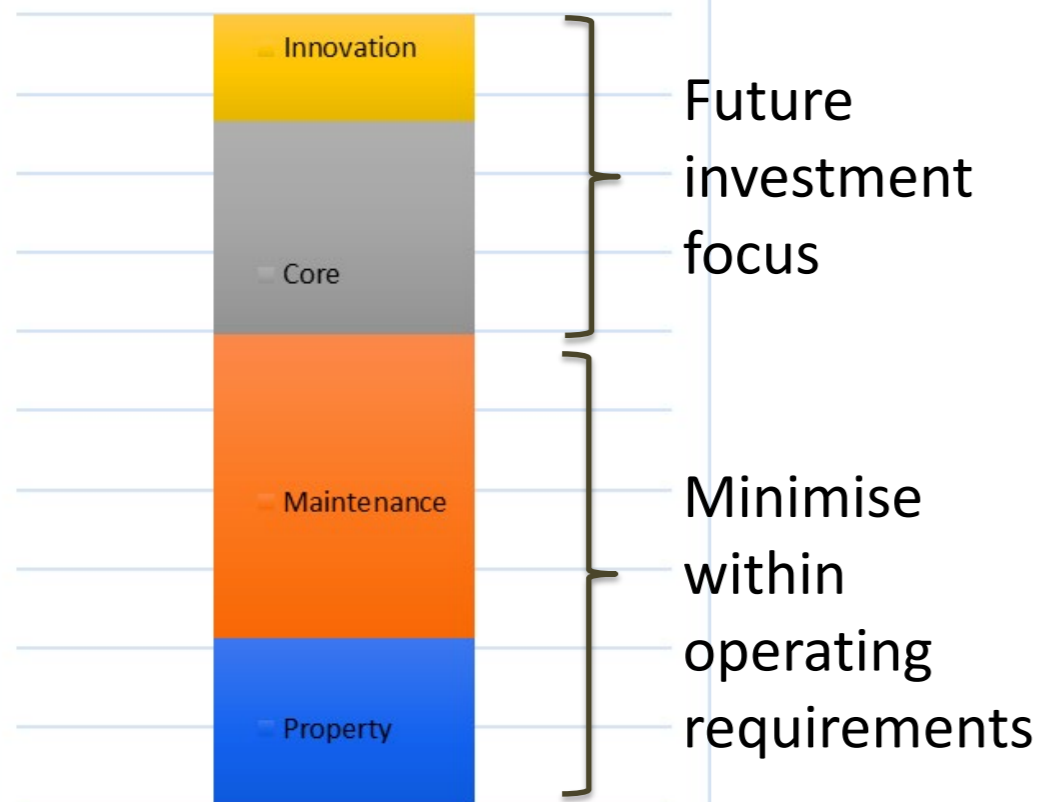
- ✓ ROIC hurdles create discipline for growth initiatives

FUTURE DEVELOPMENTS IN CAPITAL EXPENDITURE

Capex Priorities

- Increasing spend on IT platforms, aided by convergence of IT and broadcast engineering
- Increasing use of external consumption models and software as a service
- Lower recurring property expenditure from FY20 as major property upgrades completed

Capex categories,
\$26.8m
(Average 2015 to 2018)



Innovation

- Development of digital platforms to support audience engagement and product personalisation

Core

- IT platforms to improve the efficiency of content, management and distribution and sales platforms

Maintenance

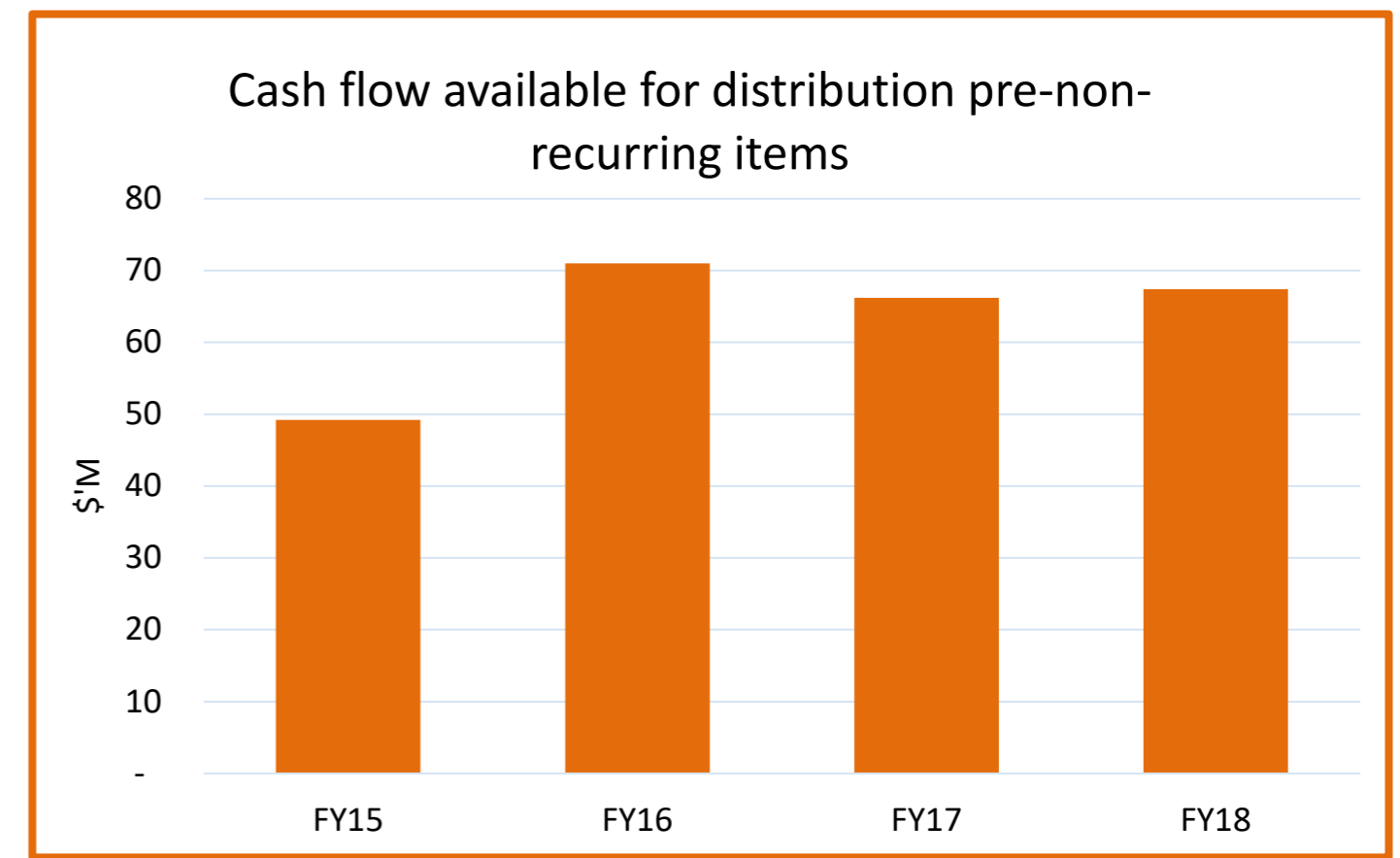
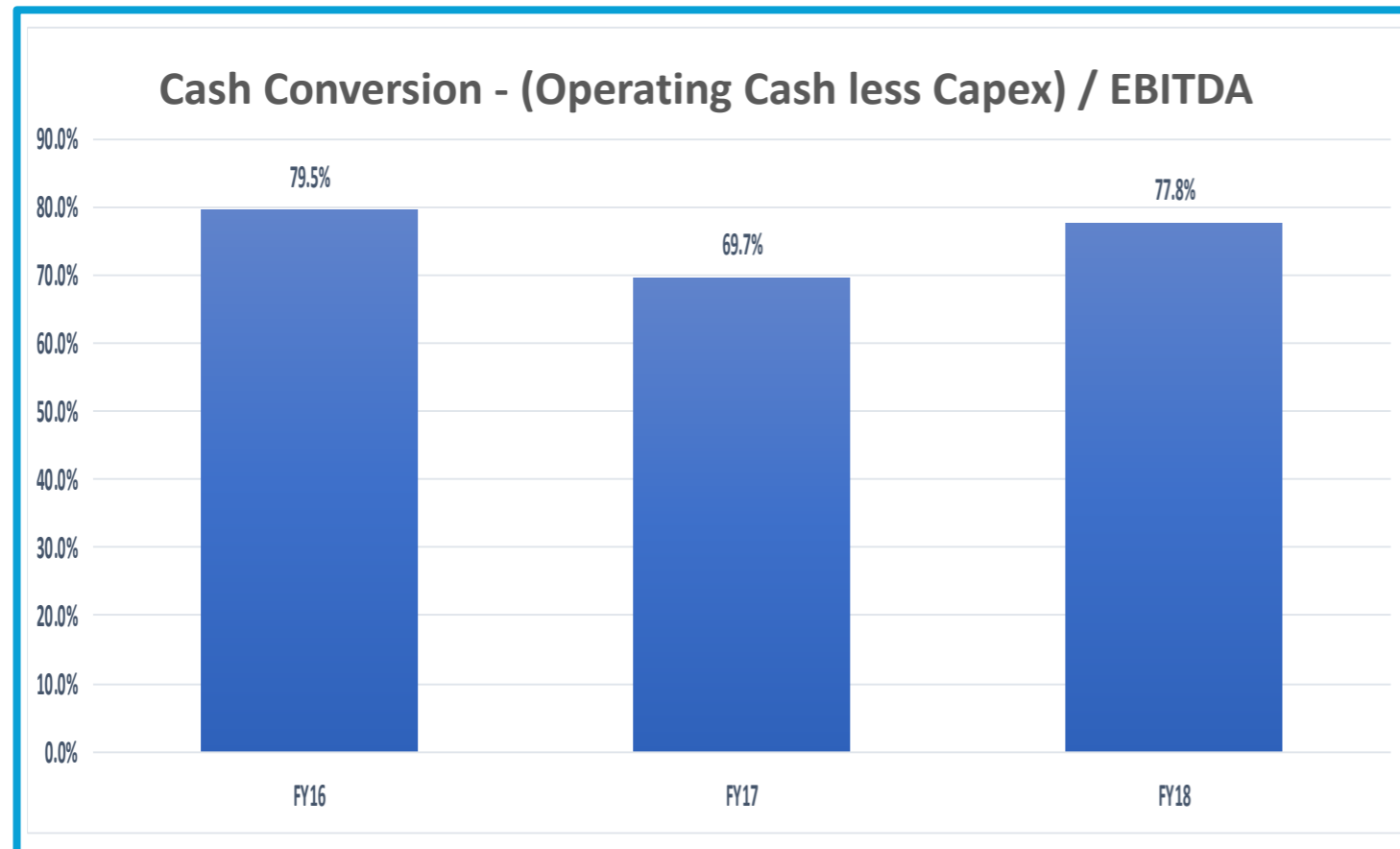
- Ongoing costs associated with national broadcast business

Property

- 60 owned and leased properties providing local sales presence across Australia



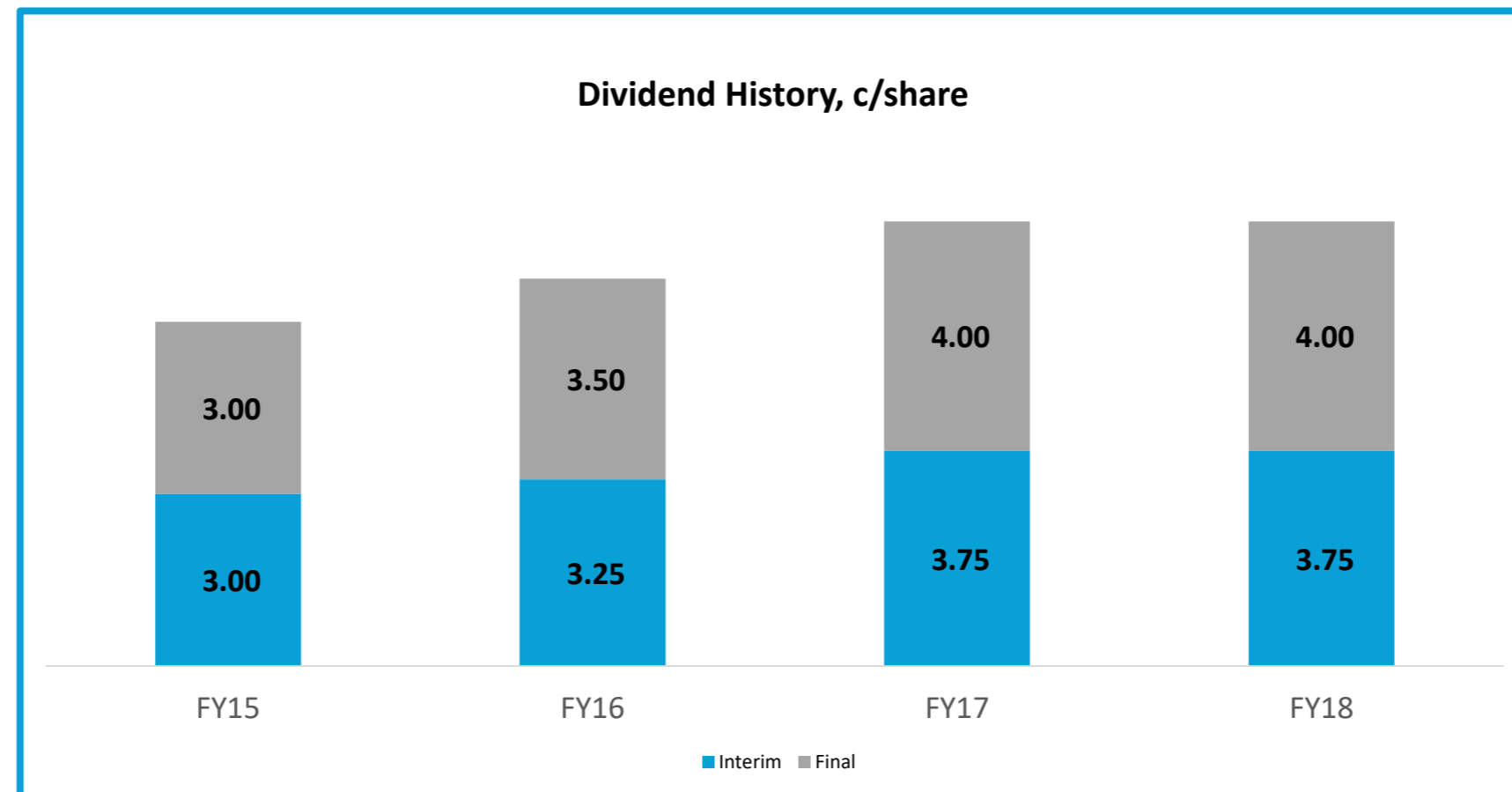
STRONG CONSISTENT CASH GENERATION



- SCA asset set delivers high cash conversion with modest capital requirements

- Consistent level of cashflow for distribution – despite sale of non-core assets

DIVIDEND POLICY AND RETURNS TO SHAREHOLDERS



- 29% increase in DPS since FY15
- Dividend policy 65% to 85% of NPAT
- \$145m franking balance – payment of fully franked dividends remains efficient way to provide returns to shareholders



HIERARCHY OF CAPITAL

Determine available cash/capital



Maintain ordinary dividend within payout policy



Reserve funds for investment/growth opportunities or leverage reductions



Additional capital management initiatives

- Free cashflow and optimal capital structure as key measures
- Reliable and sustainable dividends in line with communicated policy
- Disciplined and measured investment to complement SCA strategy
- Initiatives to be considered as and when surplus capital emerges

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OPERATIONS

JOHN KELLY CHIEF OPERATING OFFICER



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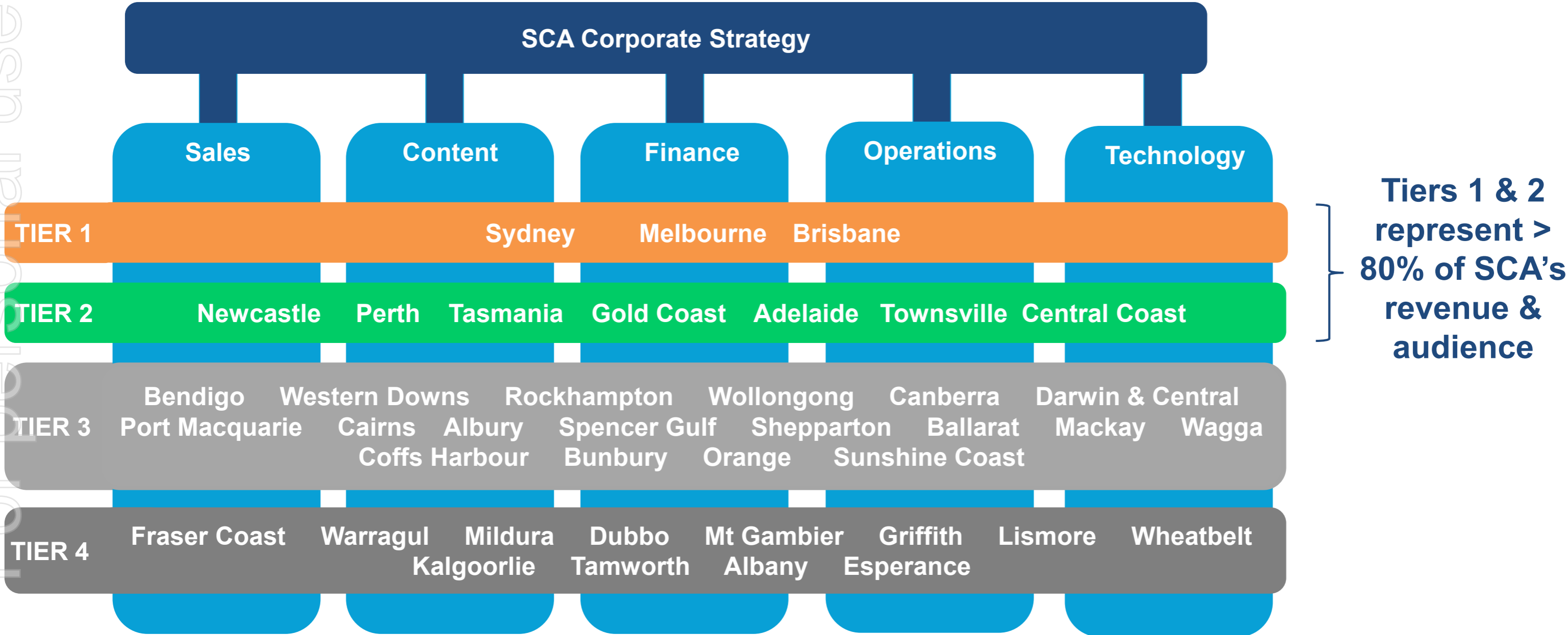
SCA APPROACH TO MANAGEMENT OPERATING STRUCTURE

“More Autonomy with more Responsibility and with more Accountability”

- SCA prides itself on ensuring a collaborative and unified management culture
- We recently changed from a “Metro/Regional” Operating Structure to a “One SCA” Operating Structure where Strategy is Set by Function (e.g. Sales) & Delivered by All
- Approach is to ensure optimal outcomes are achieved by the company

SCA OPERATING STRUCTURE PRIORITISES MARKETS BASED ON REVENUE IMPACT & POTENTIAL EARNINGS OUTCOMES

SCA has tiered its markets based on revenue and audience criteria in order to best allocate resource to optimise earnings outcomes



MAJOR PROJECT INITIATIVES

A Major Project Group (MPG) is designed to deliver a **strategic** or **operational activity** that will make a **material difference** to SCA

Key elements of a MPG include

- Project Sponsor and Leader
 - Cross functional and diverse group executives
 - Defined project plan with a clear set of deliverables
 - Project to be complete within a year
- An MPG sets up and then deploys the new activity into a Business as Usual state
 - The MPG's launched so far include Podcasting, Maximising the Regional Opportunity, Sales CRM, Regional Mall Media (Quik Entertainment) and Workforce Planning.



Maximising the
Regional
Opportunity



Quik
Entertainment

Workforce
Planning



WORKFORCE PLANNING MPG : THE DEFINITION

Strategic Workforce Planning will enable SCA to ensure it has the

Right Number of employees

with the **Right Skills**

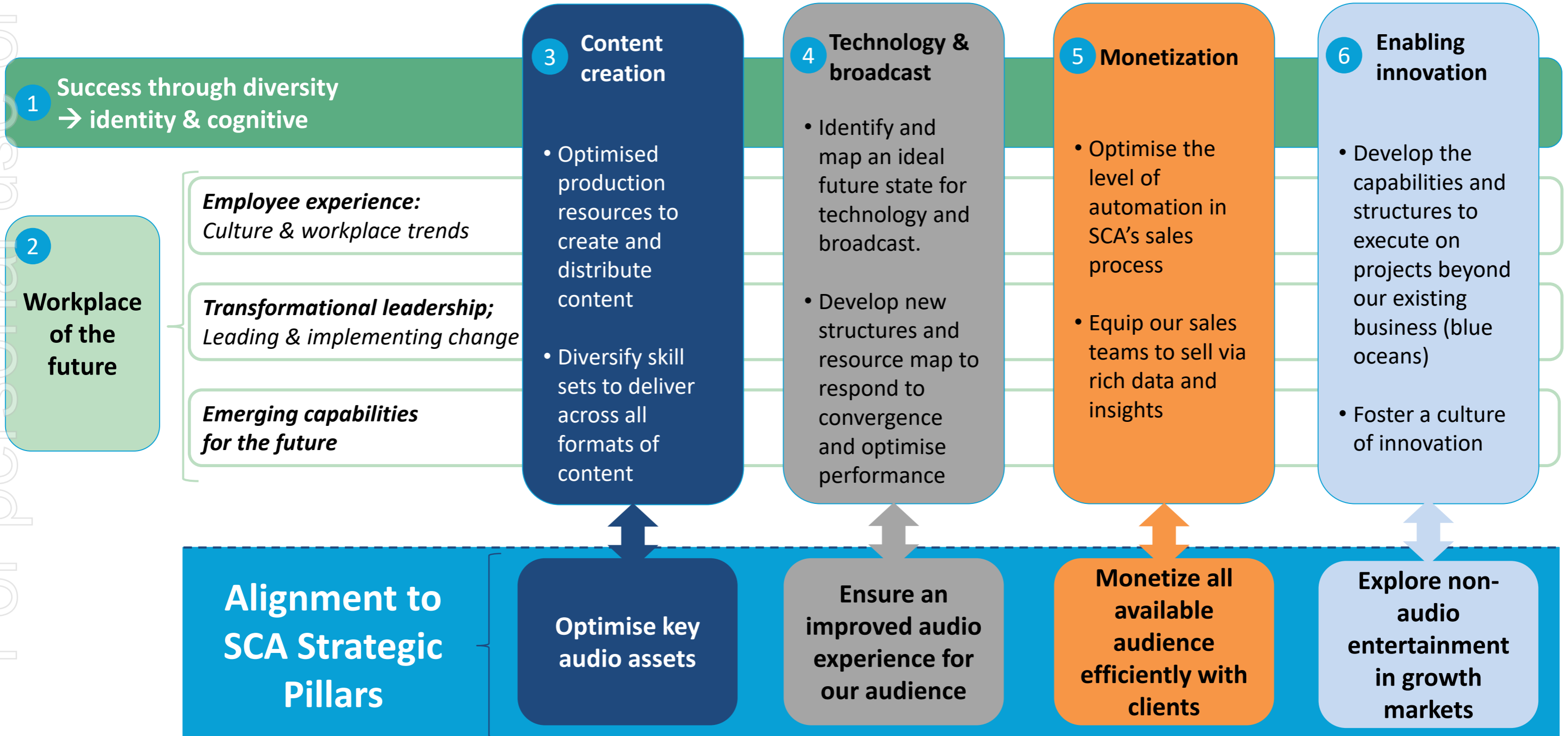
in the **Right Places**

at the **Right Time**

working in the **Right Way**

In order to effectively **execute our Corporate Strategy**

WORKFORCE PLANNING IN SUMMARY – SIX AREAS OF FOCUS



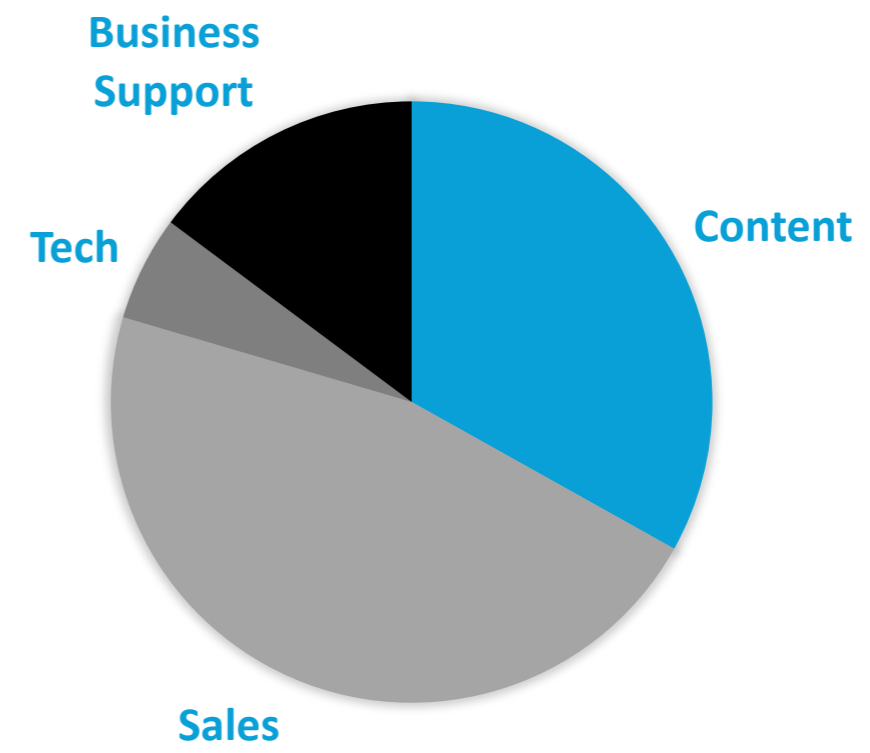
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OUR PEOPLE

At SCA we pride ourselves in attracting and retaining the most talented people...

Our skills and capabilities are extensive and diverse and broadly grouped under core categories;

- Content Creation and Programming
 - Sales and Customer Support
 - Technology and Engineering
 - Operations and Business Support
- Front of House - 80%
- Back of House - 20%



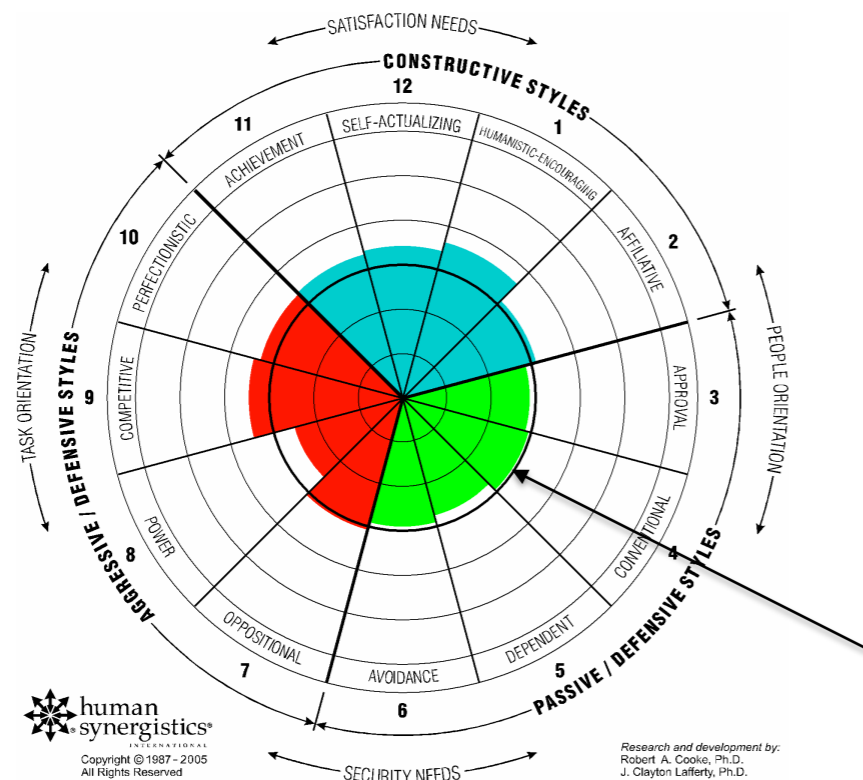
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DEVELOPING CULTURE AT SCA

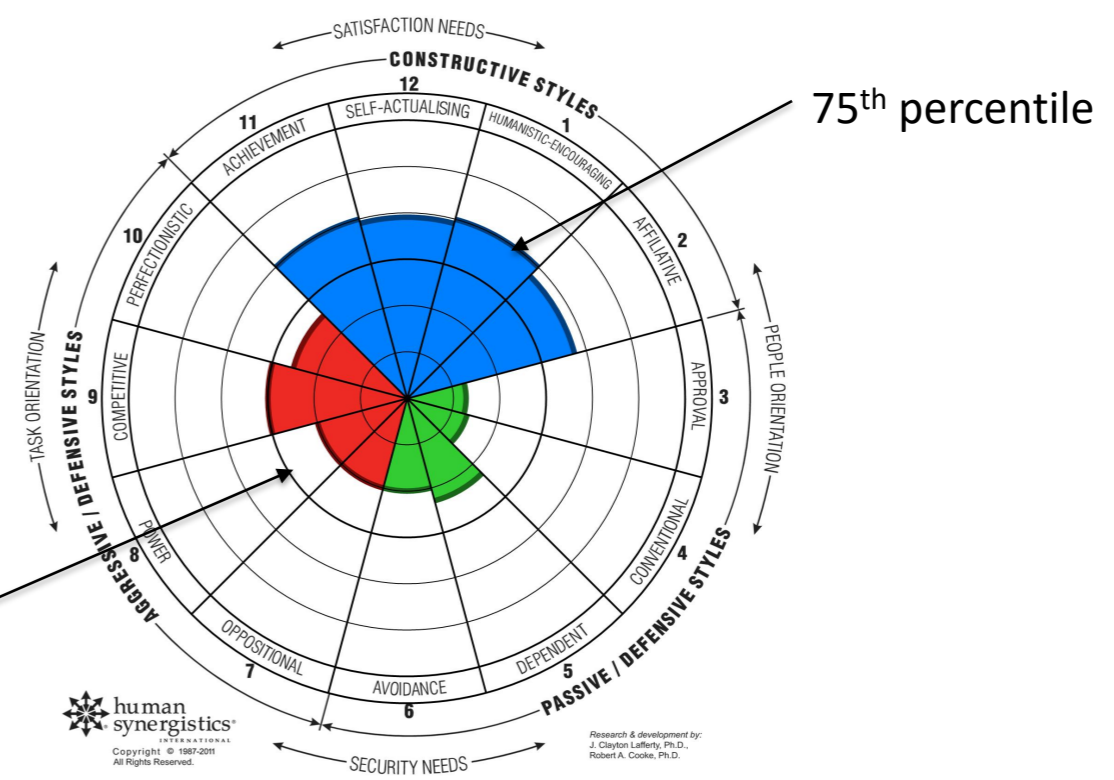
Building leadership capability, and recognising this is the biggest influence on culture, is a key focus at SCA

- Human Synergistics methodology used to measure organisation and management capability
- Organisational and leadership culture assessed bi-annually
- Objective is to achieve constructive behaviours (blue) above 50th percentile, and aggressive/defensive and passive/defensive behaviours (red and green) below 50th percentile
- Periodic measurement provides objective assessment for measuring change in leadership behaviours and impact on overall organisational culture

SCA Organisation



Management Group



50th percentile

75th percentile



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CHARITY PARTNERSHIPS

SCA has focussed its charity program into providing significant support to a select number of charities over each two year period. This concentrated support, with over \$20m in airtime provided each year, enables the charities to experience meaningful growth.



19% uplift in Christmas appeal funding



Increase of 17,000 young people now receiving intensive support



Black Dog
Institute

Increase in fundraising activity by 216% in regional Australia

SCA Embrace



30 employees have participated in global house builds in the past 5 years



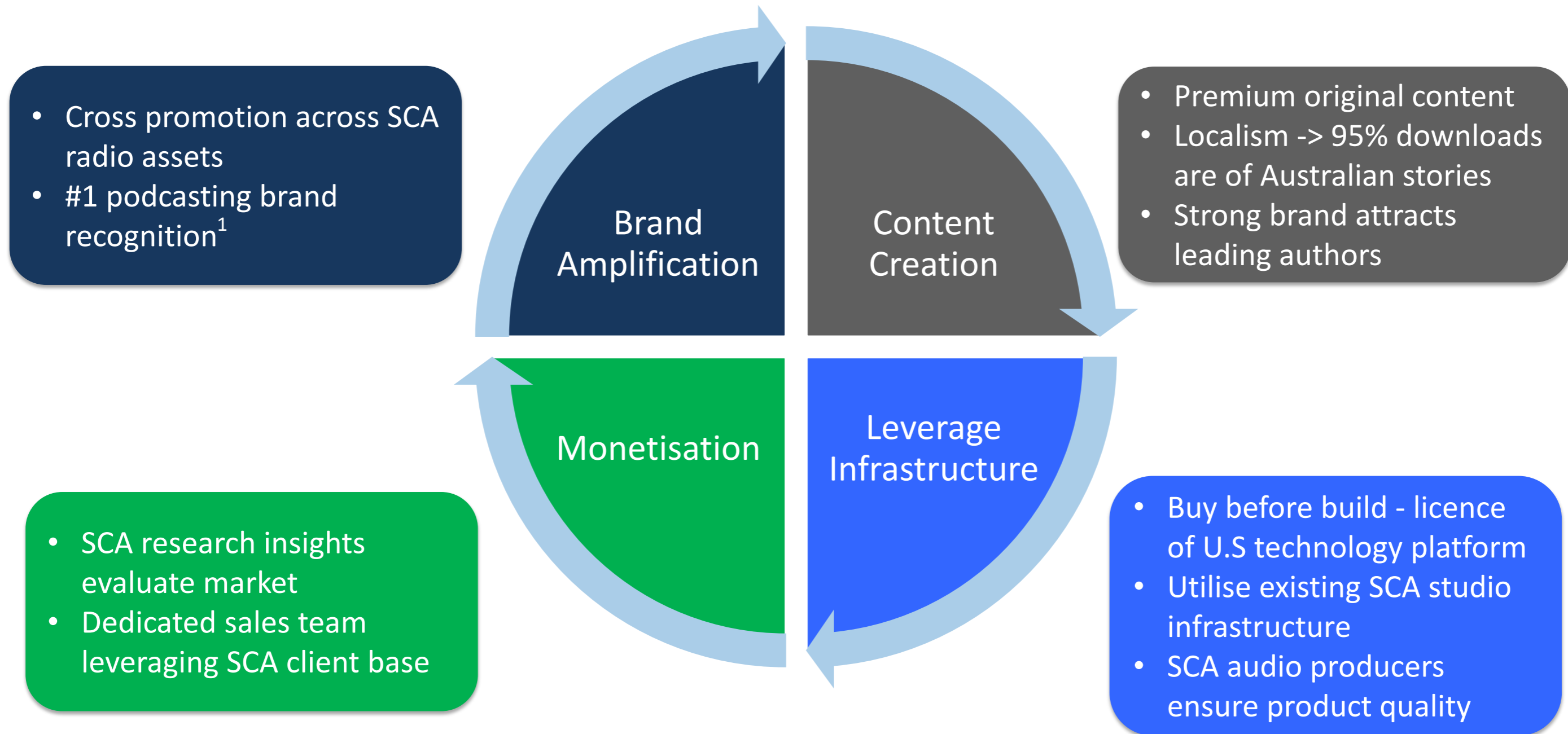
\$3.6M raised for Children's Hospitals in 2018 - \$26m since inception



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PODCAST ONE – LEADING THE WAY

Podcast One utilises digital platforms and builds off SCA core competencies in a capital light manner



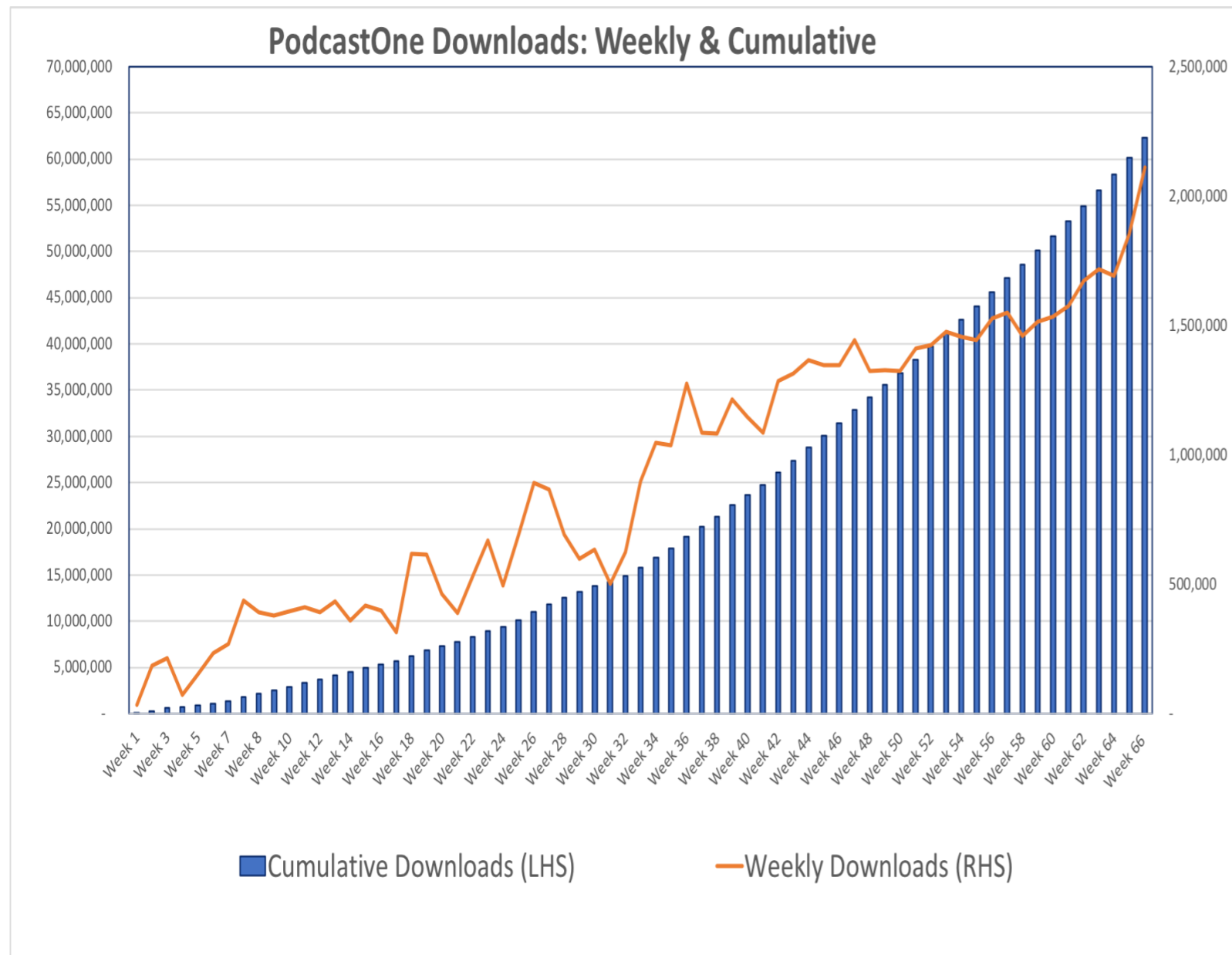
1: Source: SCAR Insights Podcasting Study



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PODCAST ONE – THE STORY SO FAR

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- The pre-eminent commercial podcast company in Australia - achieving 62 million downloads since launch Aug 2017
- Premium original content driving increasing consumer engagement and monetisation pathway
- Download volumes up to yearly high of ~2.1m downloads per week
- Net investment of \$2.5m in FY18



IN ORDER TO MAXIMISE REVENUE SCA WILL NOW DRIVE PODCASTING REVENUE FROM THREE DISTINCT AREAS

The podcasting market can be broken down into 4 distinct areas of revenue:

Opportunity	Description	Strategic alignment	Suitability
Premium Original	High quality on demand content created as a podcast first (not radio). Content is often evergreen e.g. Hamish & Andy, The Howie Games etc.	<ul style="list-style-type: none"> • SCA has been able to leverage its talent relationships • Revenue generation commenced 	✓
Branded Podcasts	The creation of extended commercial content for the use of brands e.g. Mercedes Podcast on Luxury Cars	<ul style="list-style-type: none"> • SCA has been able to leverage its content capabilities to create high quality podcasts for brands 	✓
Radio Podcasts	Repurposing of broadcast radio content into on-demand content. Content is usually time-sensitive e.g. The Grill Team, Hughsey & Kate etc.	<ul style="list-style-type: none"> • SCA publishes catch up radio podcasts on its brand platforms with consumption through iTunes • Podcast's play an important role in brand awareness 	✓
Self-publishing platforms	The YouTube of audio, anyone can create content and upload it to a public platform.	<ul style="list-style-type: none"> • Primary role of business is to manage the technology platform • Monetisation is primarily through programmatic advertising with low CPM's 	✗

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SCA Focus

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CONTENT & BRANDS

GUY DOBSON
CHIEF CREATIVE OFFICER



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IT'S ALL ABOUT THE TALENT

HUGHESY & KATE

#1 in timeslot for women 18-39



CARRIE & TOMMY

#1 in timeslot for people 25-54



KENNEDY MOLLOY

Biggest audience for men 25-54 out of all FM drive shows



RADIO CHASER

Biggest audience for Men 25-54 in timeslot



SYDNEY GROWTH STRATEGY

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✓ DRIVE

#1 in timeslot for women 18-39



✓ MUSIC

More music, more variety – that's the 2DayFM difference



✓ BREAKFAST

Working on the next big thing

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hit

THE BIGGEST REBRAND IN AUSTRALIAN RADIO HISTORY



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THE TRIPLE M NETWORK – PRIOR TO REBRAND

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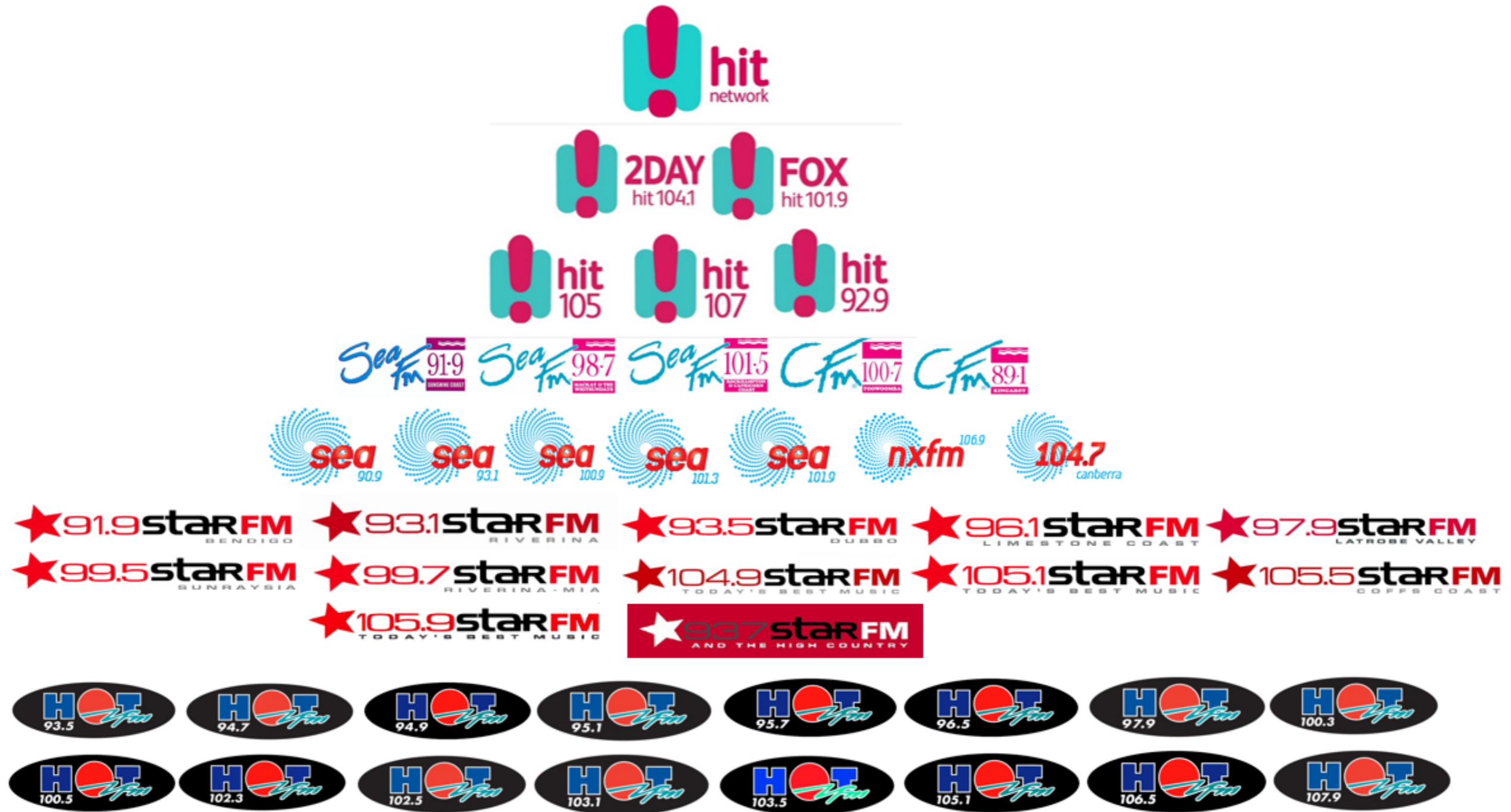
THE TRIPLE M NETWORK 2018 REBRANDED

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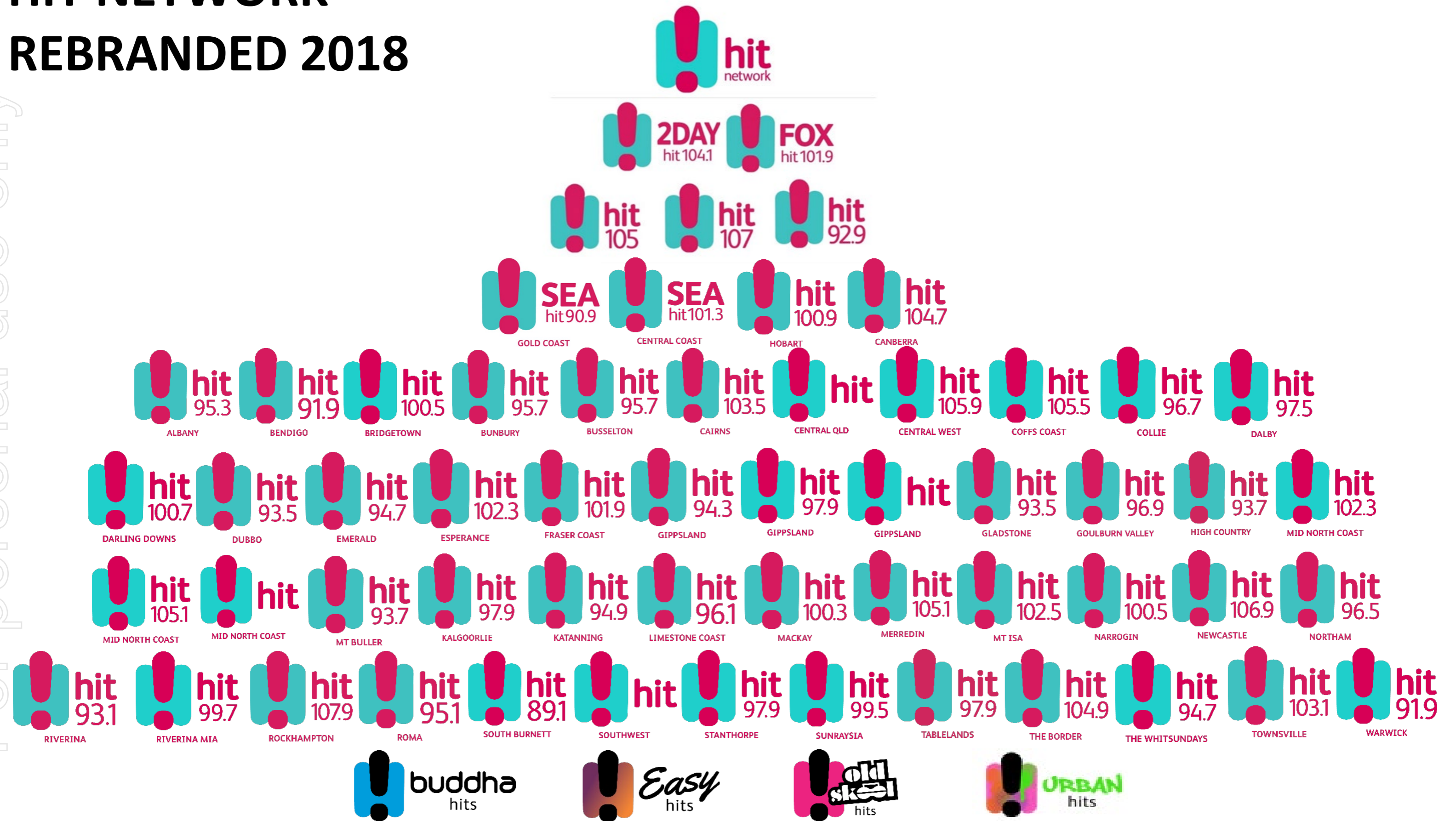
HIT NETWORK – PRIOR TO REBRAND

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HIT NETWORK REBRANDED 2018

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STRATEGIC CONSIDERATIONS – NATIONAL REBRAND

1. Consolidated brand portfolio with national appeal and awareness – increased brand equity for regional radio
2. Production efficiencies & synergies across all mediums
3. Digital consolidation & efficiencies – apps & websites
4. National partnership opportunities – i.e. V8 Supercars, RnB Fridays Live, Charitable Organisations.
5. National Sales - easier network buy & clear understanding for clients

THE FM NETWORK

Winning aspiration



The Hit Network – It's personal.

The Hit Network will be the leading entertainment companion for women in Australia. It will break the mould in entertainment by leveraging its brands to provide great experiences for its audiences.



Create compelling memorable audio content



Develop experiences that complement the Hit Network



Creating content that can be personalized



Support SCA's sales teams to target direct clients

Winning aspiration



Triple M - the place where Aussie men, exceptional talent and clients want to be



Use our DNA to create authentic audio content



Extend Triple M into natural adjacencies



Drive digital consumption of content



Support SCA's sales teams to target direct clients



SCA DIGITAL STACK – CREATION OF BRAND FAMILIES

Alignment of 8 digital radio stations under the Hit and Triple M brands – creating scale and simplicity



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SCA DIGITAL STACK : UNDUPLICATED AUDIENCE CUME 430,000 (5 CAPITAL CITIES ONLY)



4,286,000
Listen to SCA's FM Network
only

341,000 Listen to
both SCA's FM and
Digital Radio

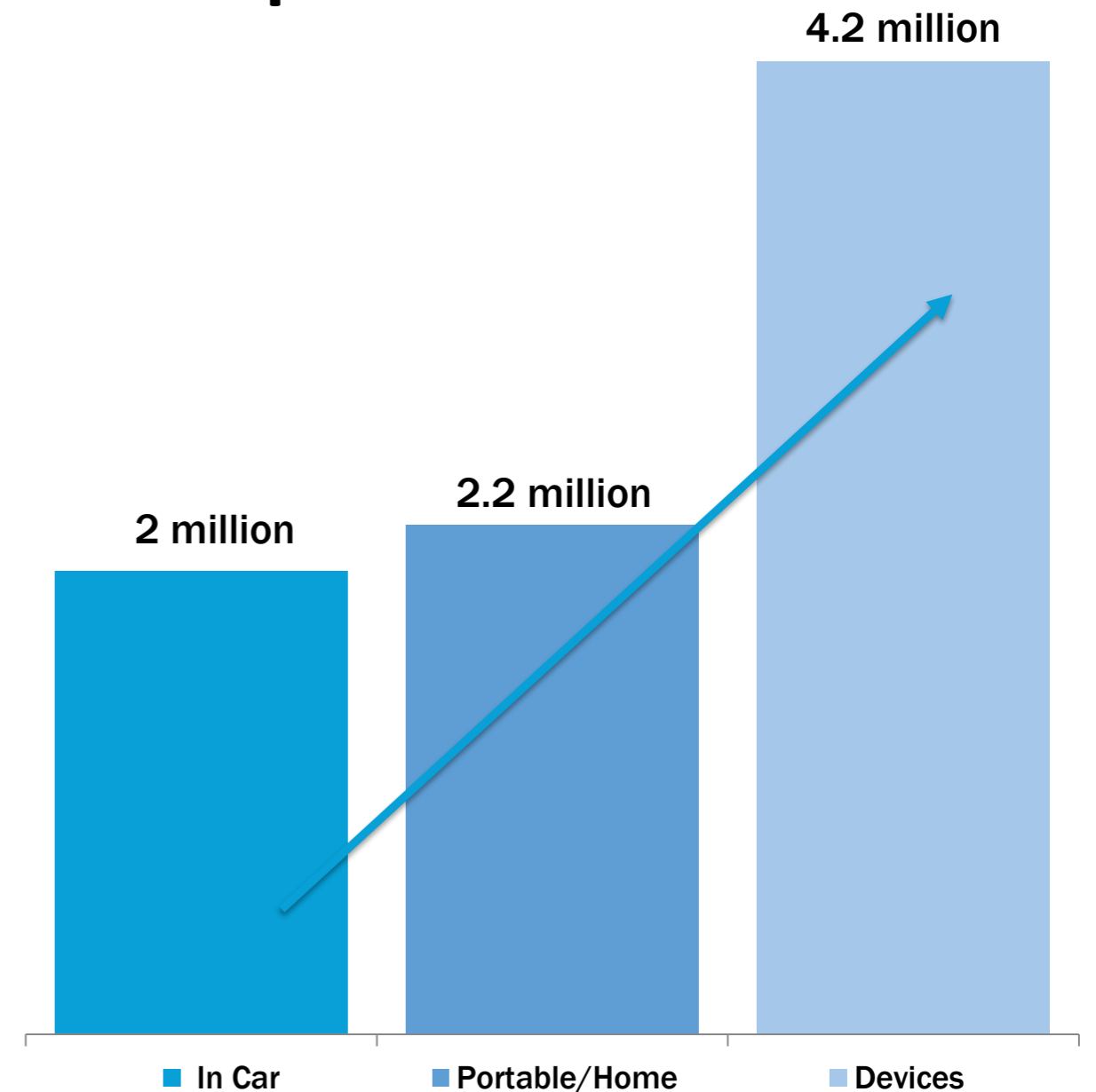
430,000
Listen exclusively to SCA's
Digital Radio Network only

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DIGITAL RADIO IN AUSTRALIA

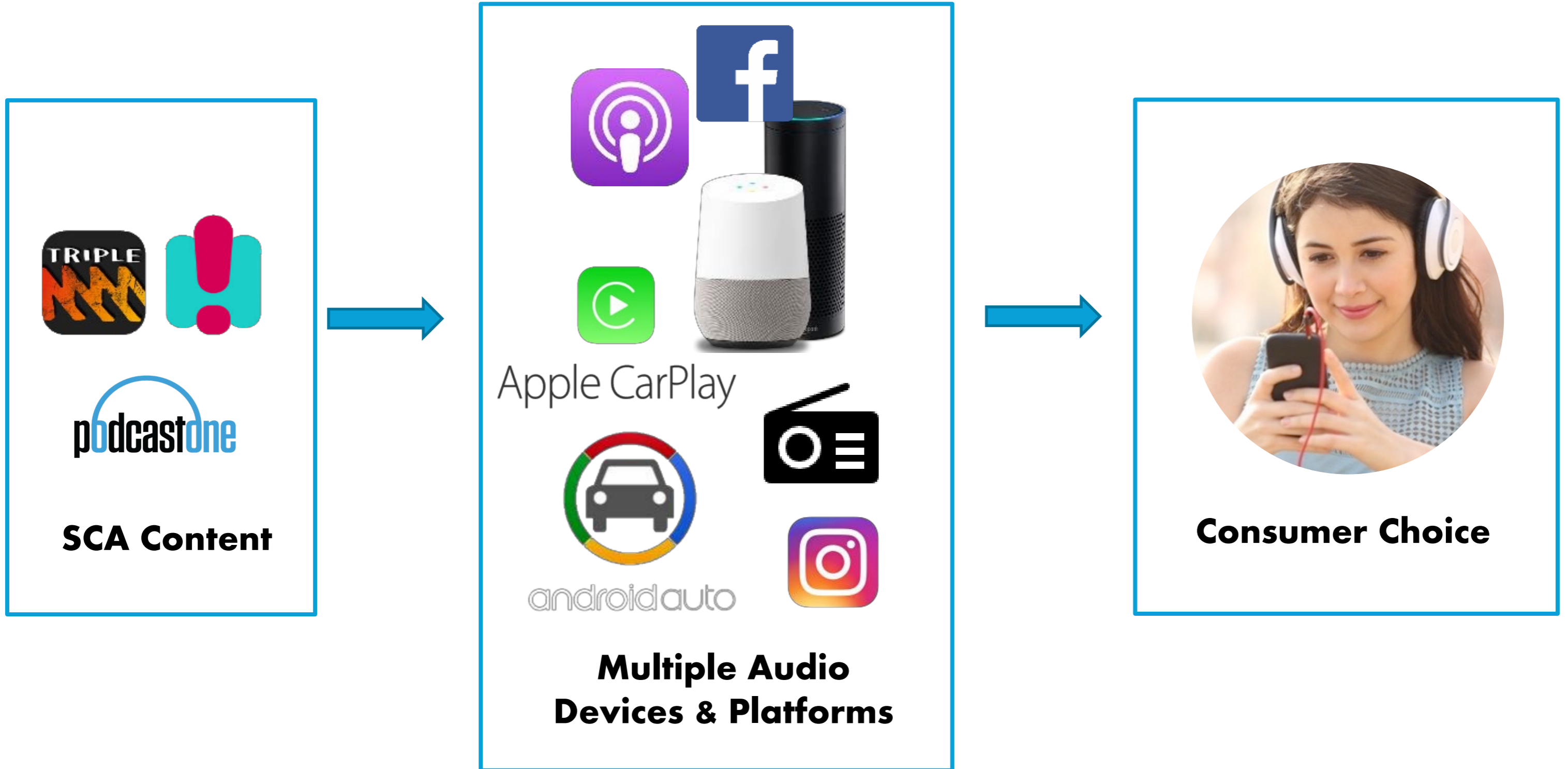
Access to digital radio growing rapidly - 24% growth in past 12 months

- The number of DAB+ digital radios in Australia has climbed to 4.2 million by Q2 2018, up 24% in past 12 months.
- 2.2 million portable / at home DAB+ units
- 2 million in car radios 59% of all new vehicles sold have DAB+



INCREASED AUDIO CONSUMPTION - HOW AND WHERE LISTENERS WANT IT

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DIGITAL CONTENT

Extended awareness is creating improved engagement

- The Purpose of Our Digital Content Assets is to drive consumers to engage with our Brands' Audio content and initiate action to Download our owned and operated Apps
- Utilising Broadcast Audio in short to mid form content, we Editorialise and syndicate via Digital Channels (e.g. Social) and lead audiences down a classic marketing funnel to our digital assets
- Original & bespoke audio content being created by broadcast channels for On Demand



DIGITAL CONTENT – FY18 MOMENTUM YOY



Digital Audio Engagement

+74%

Catch Up Radio
Podcasts

38 Million /annum

+55%

Increase In
App
Listeners

252k /month



Social Media Engagement

+3%

Facebook Fans

8.8 Million

+73%

Instagram Fans

637,000

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SMARTER AUDIO

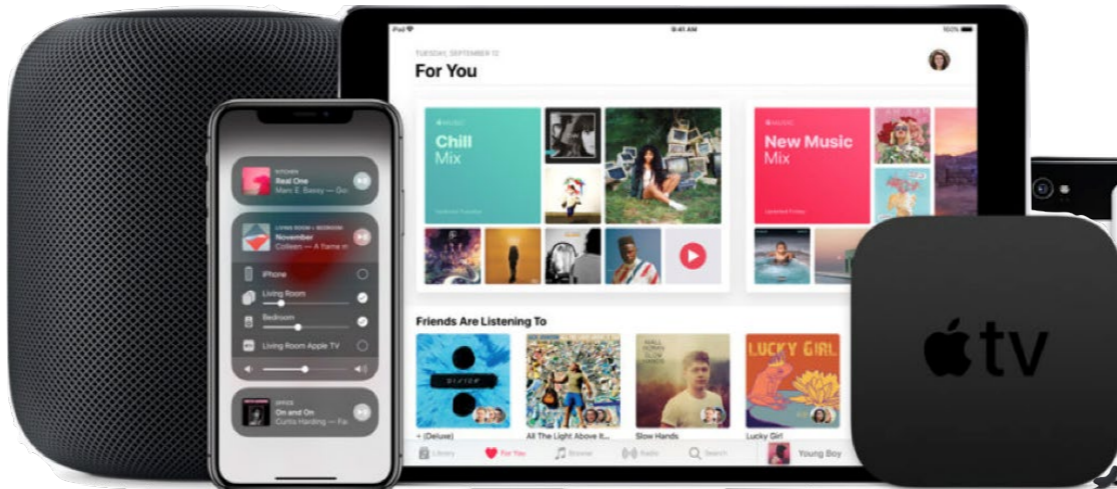
LIVE RADIO

106 streams



ON DEMAND

140 catch up shows



SMART NEWS

180 mins per week



Smart speaker adoption more than doubled in 2018 in the US, and is following a similar growth trajectory in Australia ¹

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¹ Source: Edison Infinite dial survey; SCA research insights

TALENT DEVELOPMENT: HUBBLE

- Great performers are anywhere, so we needed a **world first approach** to find them
- A **systematic and structured process** allows for company-wide involvement, with consistent & measurable results to create confidence
- Regional and Metro SCA stations already utilizing performers developed through Hubble eco-system
- **Discover – Document – Develop – Deploy**



THE 4 D'S OF HUBBLE – DEVELOPING FUTURE STARS

DISCOVER

- New media means more talent available than ever before.
- Company-wide focus on recruitment (84 stations nationwide all involved)



DOCUMENT

- ***World-first approach to talent evaluation.***
- Focusses on reliable metrics over formerly ambiguous processes using bespoke software.
- Key performer attributes identified & utilised quicker in ***systematic nine-point criteria model***



DEPLOY

- SCA DAB+ assets utilized to expose talent to new-audience.
- Regional, Metro, and PodcastOne opportunities



DEVELOP

- Company-wide involvement on performer development.
- Internal consultation to foster talent skills based on specific needs of markets

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MONETISATION & SALES

BRIAN GALLAGHER
CHIEF SALES OFFICER



SOUTHERN CROSS AUSTEREO
absolutely engaging

SCA's GROWTH AGENDA

SCA's growth in ad revenue will be driven by:

- Audio is entering a “golden age”
- SCA's conversion of untapped growth in Regional media markets
- Federal Government and electoral spending will fuel demand across the balance of FY19

ADVERTISERS ARE OVER INVESTED IN DIGITAL

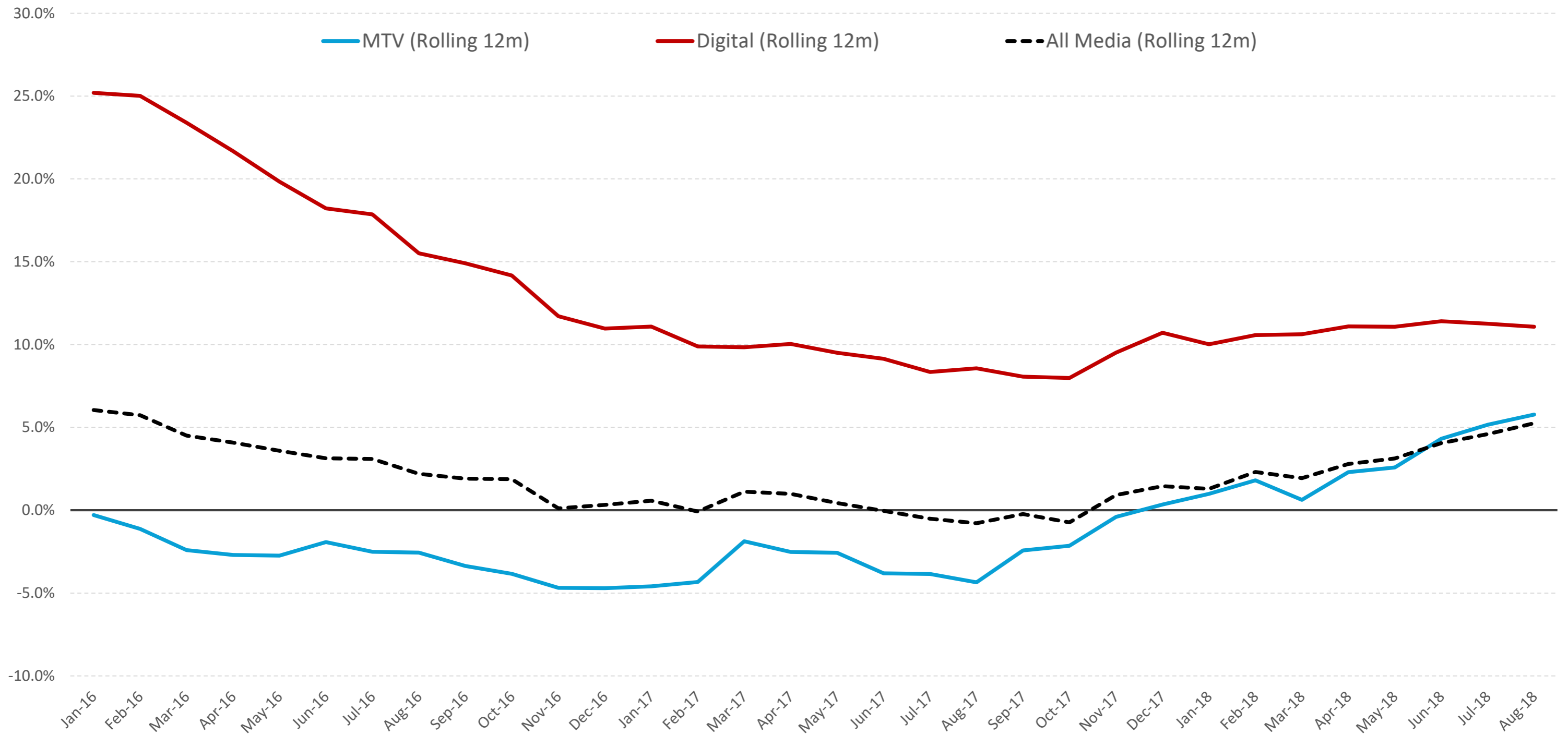
“Media buying in Australia is too skewed to digital platforms, especially compared to other western media markets”



DIGITAL GROWTH HAS FLATTENED OVER THE LAST 2 YEARS, WHILE TV HAS SHOWN A STEADY GROWTH TREND OVER THE LAST 12 MONTHS

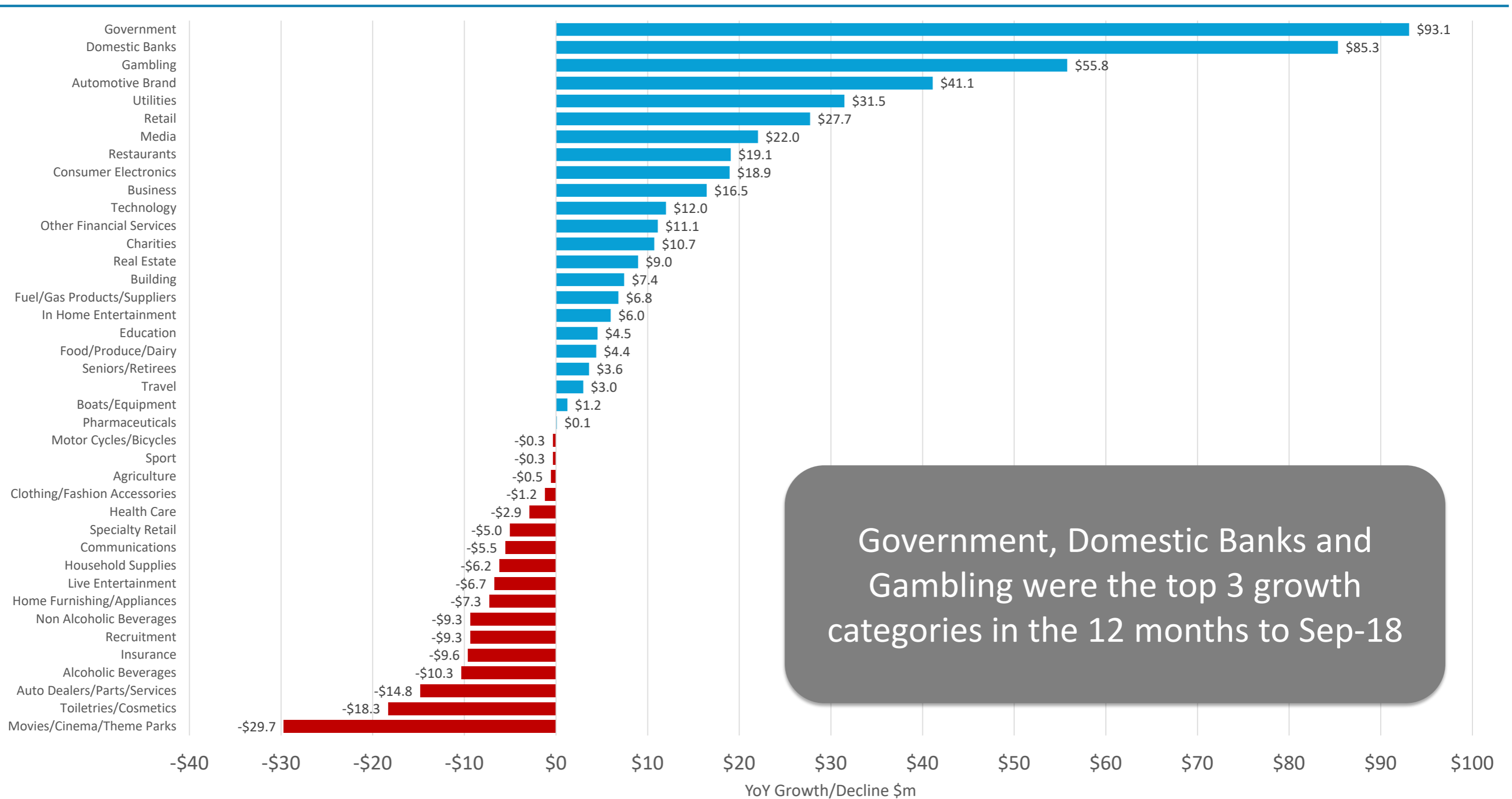
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YoY Growth – Metro TV vs Digital



THE MARKET GREW BY +3.7% / +\$273M IN THE 12 MONTHS TO SEP-18

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Government, Domestic Banks and Gambling were the top 3 growth categories in the 12 months to Sep-18

SALES STRATEGY FY19

- Insight-led advertising solutions will deliver superior outcomes for our partners
- Reach and branding building properties of radio is encouraging stronger interest and enquiry
- SCA's enjoys a unique TV and Radio position across Regional markets – 9 million people

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DELIVERING SUPERIOR ADVERTISING OUTCOMES FOR BRANDS

CAPABILITIES AND TOOLS THAT DRIVE SCA SALES STRATEGY



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Audio that moves people.

Linking research to commercial ideas
INSIGHT LED IDEATION

Audio designed to change audience behaviour
STRATEGIC INSIGHTS

Facilitate collaborative client idea sessions to build Agency relationships
JAM SESSIONS

Thought leadership in the Science of Audio
3D AUDIO

Agnostic ideas for all of SCA's different platforms
MULTIPLATFORM CAMPAIGNS

Launch and grow brands via the power of audio
COMMERCIAL CREATIVE

Creating innovative products to bring in new business
BRAND SOUNDS



SCA HAS THE LARGEST RESEARCH TEAM IN AUSTRALIAN MEDIA



Campaign Effectiveness Studies



Marquee Studies



Brand Tracking Studies



400,000 Research panel



Creative Testing



VISIONARY
WINNER 2018

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AUDIO CONTINUES TO EVOLVE & GROW

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Radio

88% Australians listen to an AM/FM/DAB+ station in an average week

▲ DAB+ Up 23% YoY

Streaming services

18% Australians have listened to a streaming service in the last month/week

▲ Up 3% YoY

Podcasting

18% Australians have listened to a podcast in the last month

▲ Up 30% YoY

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BRAND SOUND

BY THE STUDIO AT SCA

Which best describes the process of your order?

58%

When ordering, I asked my smart speaker to purchase the **brand**
e.g. Tide



42%

When ordering, I asked my smart speaker to purchase the **item**
e.g. Laundry detergent



Source: ComScore: custom survey, March 2018. Q: You indicated you have made a purchase via your smart speaker, which of the following best describes the process of your order?

UNIQUE PARTNERSHIP WITH VERITONIC TO DEVELOP BRAND SOUND SOLUTION

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LEFT BRAIN



Global leader in audio testing and benchmarking

Combines unique AI with SCA's 400,000 research panel respondents

Clients include Coca Cola, Unilever, Amazon Audible, AT&T and more



RIGHT BRAIN



Australian leader in audio creativity

Award winning ideas and creative strategy

World class audio production



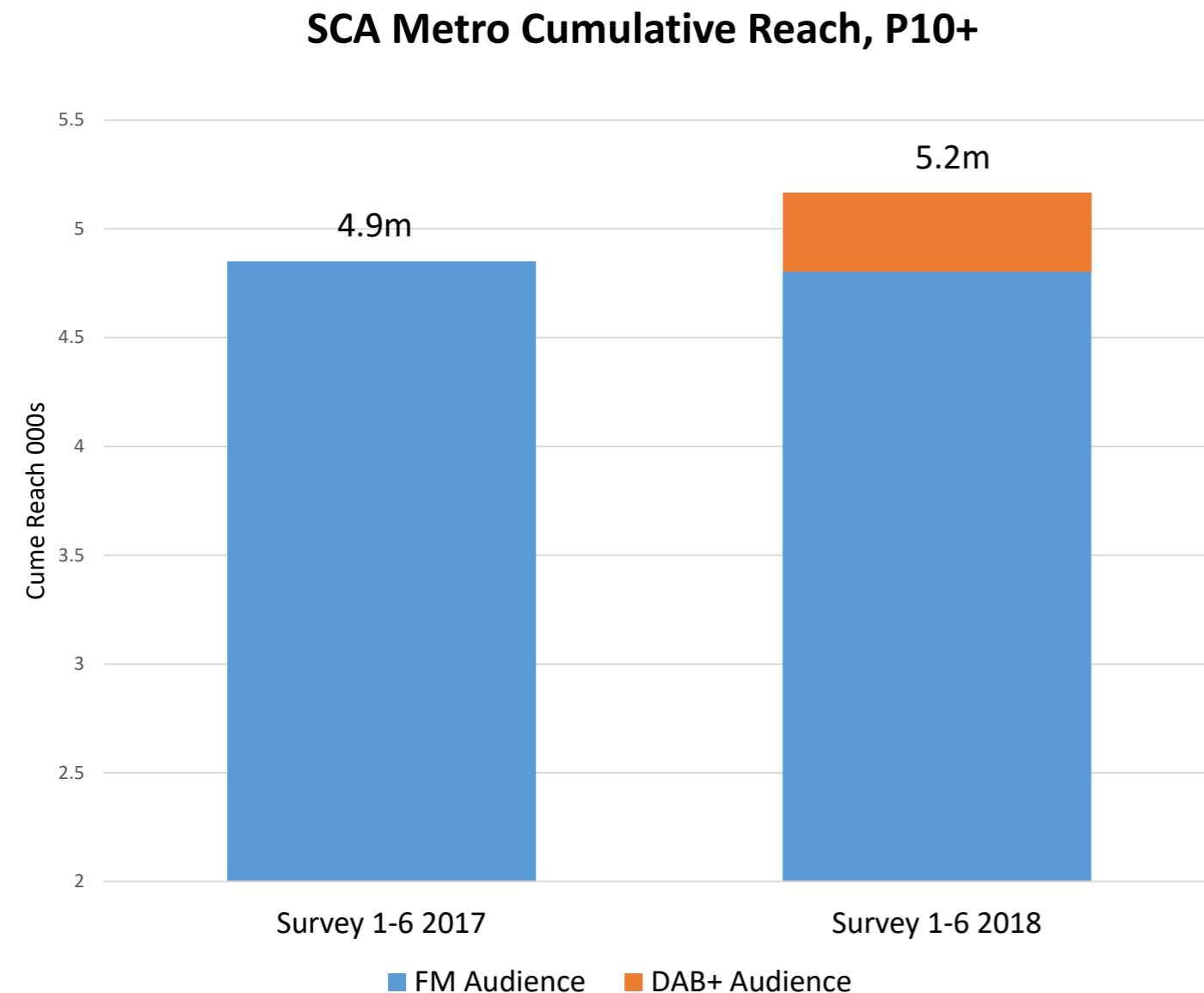
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FY19 AUDIO STRATEGY



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METRO RADIO – DAB IMPROVES REACH by +7.5%

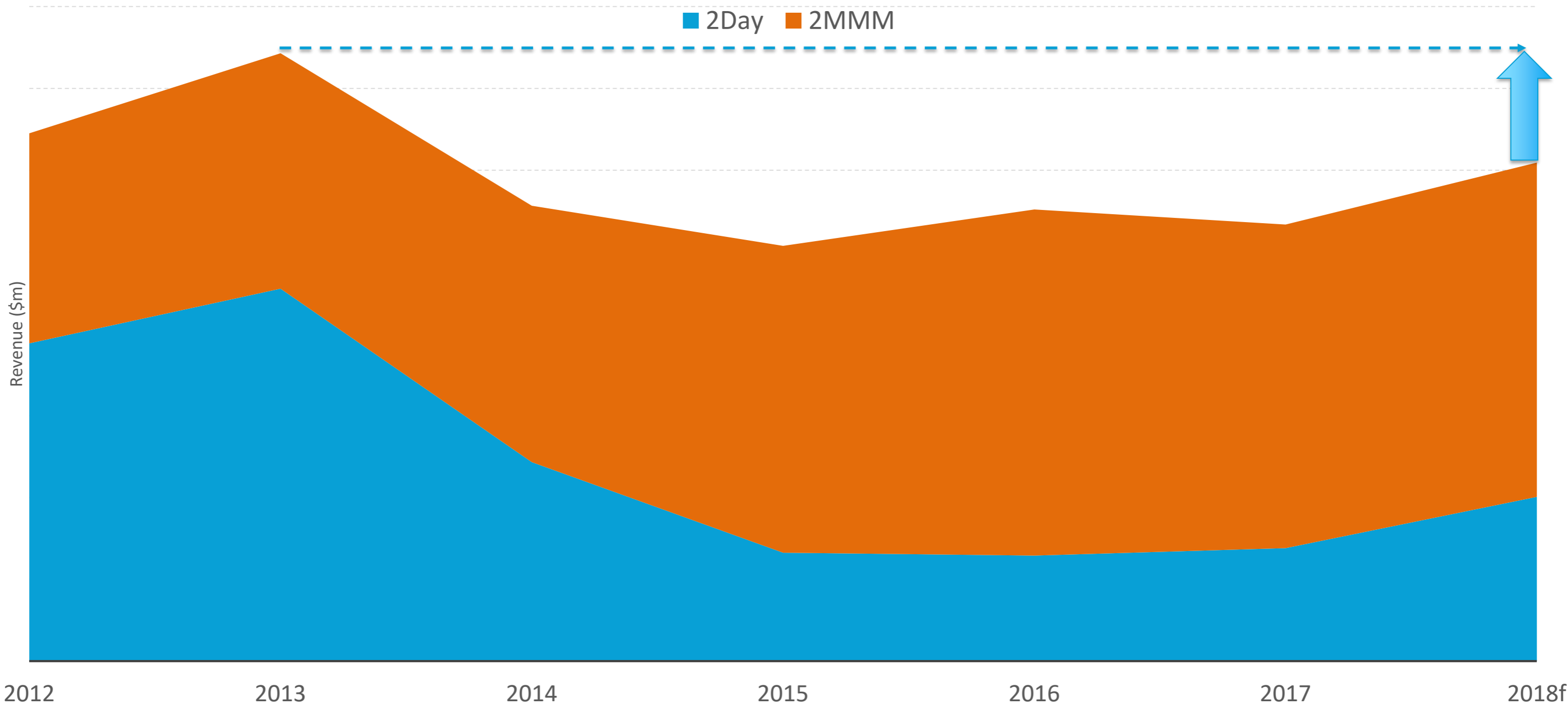


- Survey year to date sees the digital radio 10+ cumulative audiences lifting SCA overall delivery by +7.5%
- SCA's DAB brands add an additional 360,000 unique listeners to the already impressive reach of our FM brands.
- The Sydney stations have seen the most benefit from the introduction of digital stations with audience delivery +12.8% in 2018
- The audience outcomes have been monetized effectively since survey 1, 2018

IN 2018, SYDNEY BREAKFAST IS CLOSING THE GAP ON 2013 PEAKS

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Sydney Breakfast Revenue by Year (\$m)



DEVELOPING NEW BUSINESS

Hardware

Content led campaign to launch a brand new hardware product.

\$250k+ budget. Launch campaign on Triple M
Two videos produced with seeding on social channels

Campaign highlights

“ Best sales figures for years. ”
QUOTE FROM CLIENT

First to mind awareness among Tradies has increased

45%



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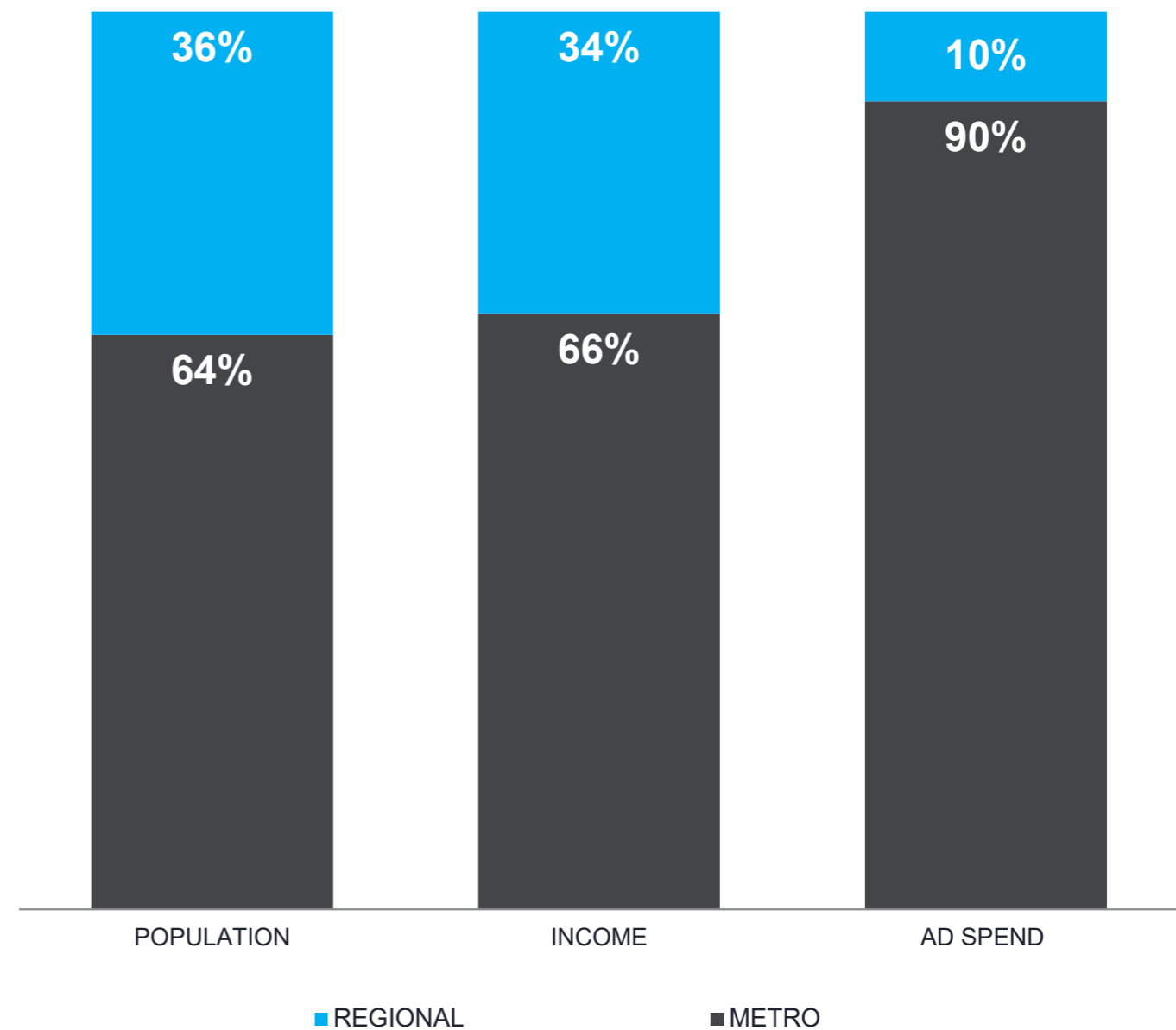
CONVERTING UNTAPPED AUDIENCES



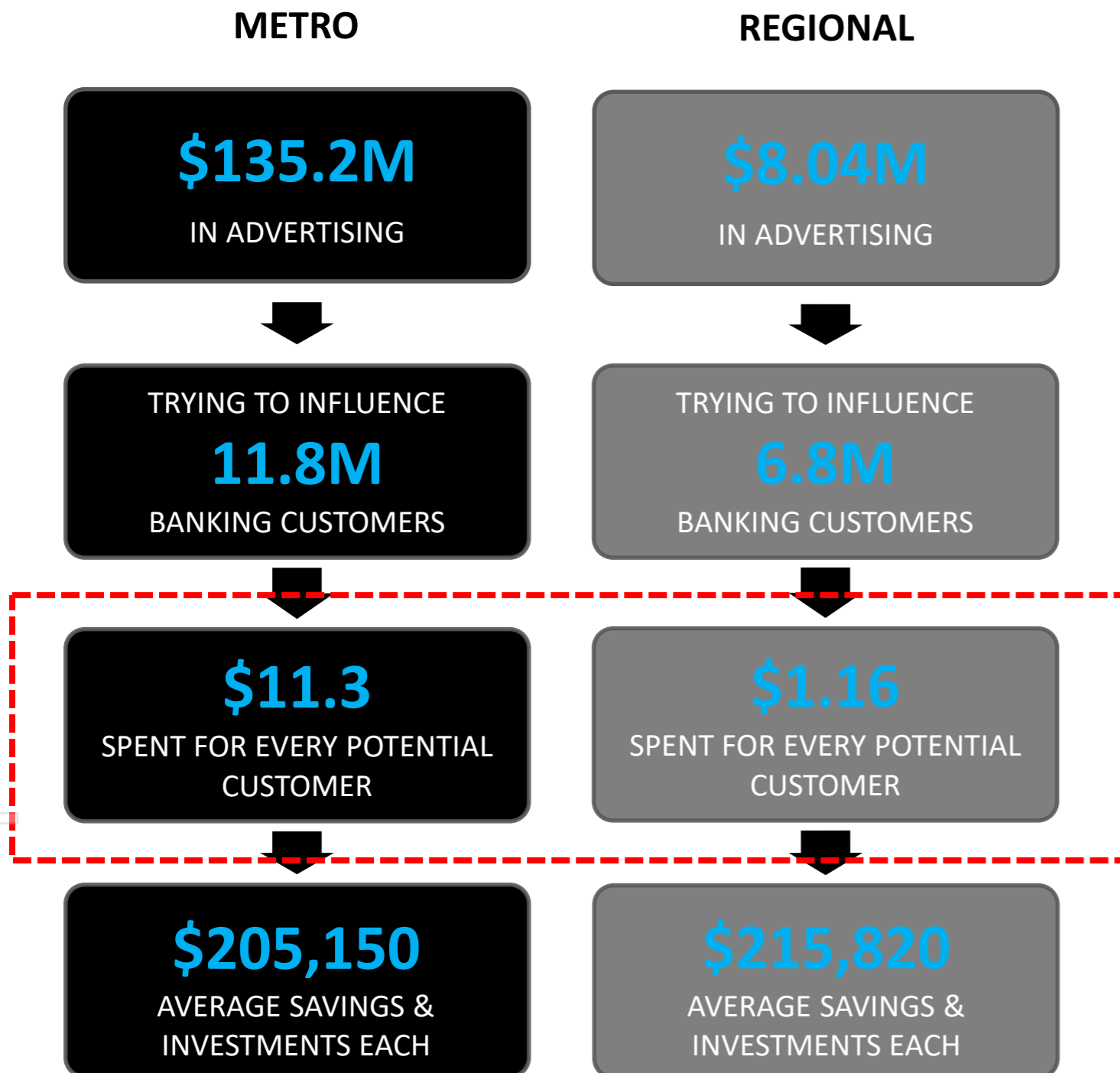
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36.2% OR 9 MILLION AUSTRALIANS LIVE AND WORK IN REGIONAL AREAS

INVESTMENT BY NATIONAL BRANDS IN REGIONAL AUSTRALIA IS **UNDERWEIGHT** VS. POPULATION AND INCOME



REGIONAL AUDIENCES ARE UNDER SERVED BY NATIONAL ADVERTISERS – Retail Banking Example



- For example the main 4 banks spend 17 times more on metro audiences than regional.
- The potential return from regional audiences is greater than metro
- This is repeated among many of the major advertiser categories
- Our goal for sales is to identify these opportunities and then provide Insight to deliver improved client ROI

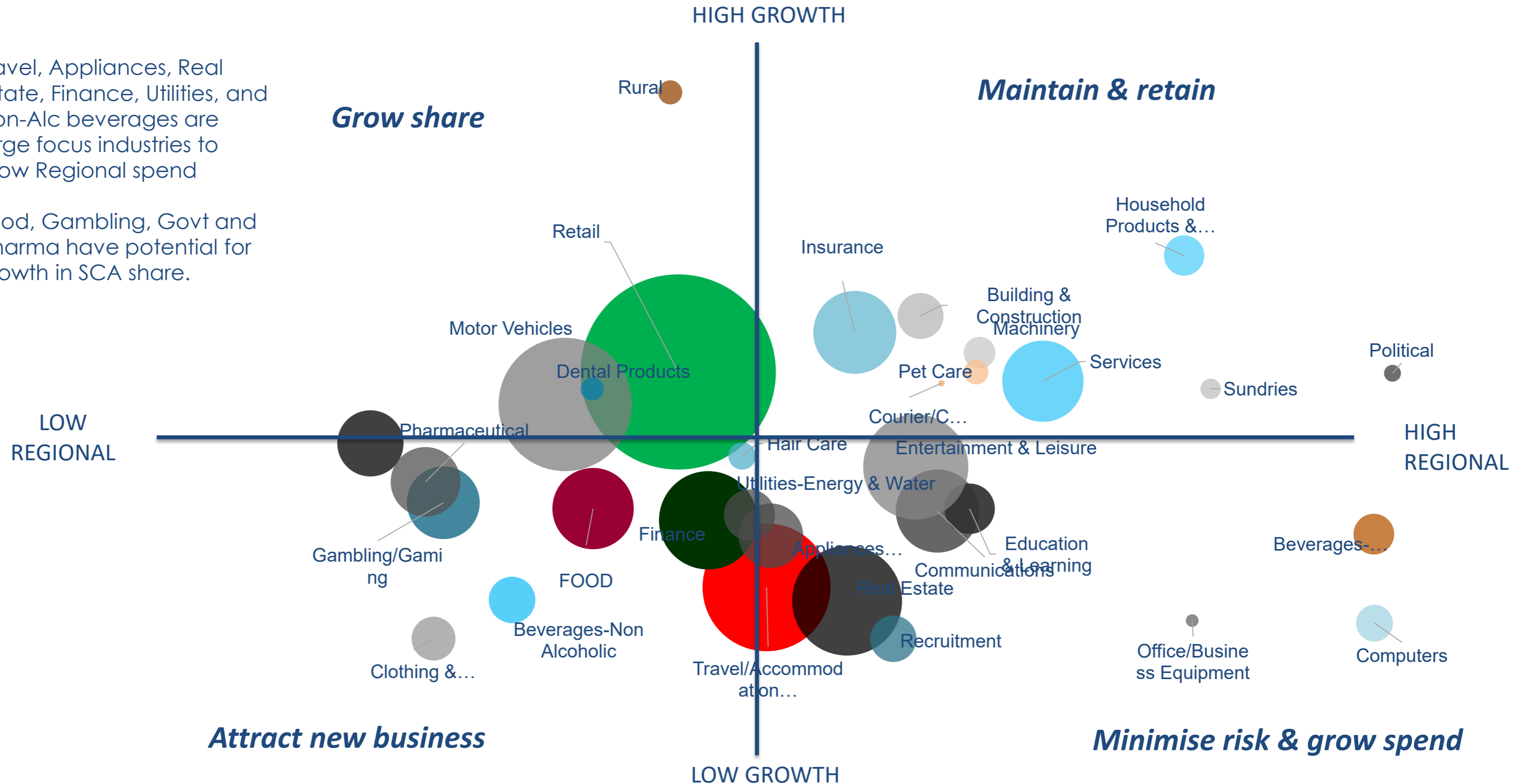
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CATEGORY GROWTH FOCUS QUADRANT - REGIONAL MARKETS

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Travel, Appliances, Real Estate, Finance, Utilities, and Non-Alc beverages are large focus industries to grow Regional spend

Food, Gambling, Govt and pharma have potential for growth in SCA share.



Source: AQX spend YTD 17-18. Size of bubble denotes size of ALL MEDIA SPEND, all major categories plotted (EXCL. Miscellaneous)

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THE PATHWAY TO AUTOMATED TRADING IN RADIO

2018 – 2020 ROADMAP



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LEADING TARGETING & AUTOMATION TECH

- Industry solution electronic bookings module will deliver a live e-trading platform within 12 months for radio
- Enables cloud based media planning
- Leap frogs TV industry, first medium to offer single trading platform
- Designed to facilitate transactional sales
- Will allow integration of enhanced audience products as they develop

Key points

- Pricing is set by SCA
- Premium inventory negotiated separately
- Workflow and workforce benefits will be achieved
- Future audience tools and 3rd party data sources can be integrated



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TECHNOLOGY

STEPHEN HADDAD
CHIEF TECHNOLOGY OFFICER



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TECHNOLOGY SERVICES - PRINCIPLES



CLOUD FIRST

Where appropriate a preference for Software as a Service (SaaS) before Platform (PaaS) before Infrastructure as a Service (IaaS) will be applied.



COST VARIABILISATION

Where it is beneficial to SCA, we will use dynamic pricing options. Create a more predictable spending profile.



DATA DRIVEN DECISION MAKING

Use of data to inform decisions of business practice and technology investment with a view of improving the accuracy, execution and benefits of decisions.



SECURITY AT OUR CORE

Continue to focus on security at the core of all decisions made, both in terms of awareness and technology.



VENDORS TO PARTNERS

Develop deep relationships with vendors and suppliers, identifying those that have the potential to become strategic partners.



BUY BEFORE BUILD

Re-use and integrate existing applications and solutions before investing in new solutions. When investing, purchase Commercial off the Shelf (CotS) before developing new solutions.



IT AND BROADCAST CONVERGENCE

Across the industry traditional engineering / broadcasting technologies are converging with traditional IT technologies with a transition to IP based technologies.

Our strategy is to deliver a “**converged technology domain**” that will deliver benefits, including:

- **Reduced Costs**
- **Increased Governance and Controls**
- **Reduced Complexity**
- **Increased Reliability**
- **Increased Extensibility**

Key areas of focus are in the domains of infrastructure, networking, service delivery management and security.



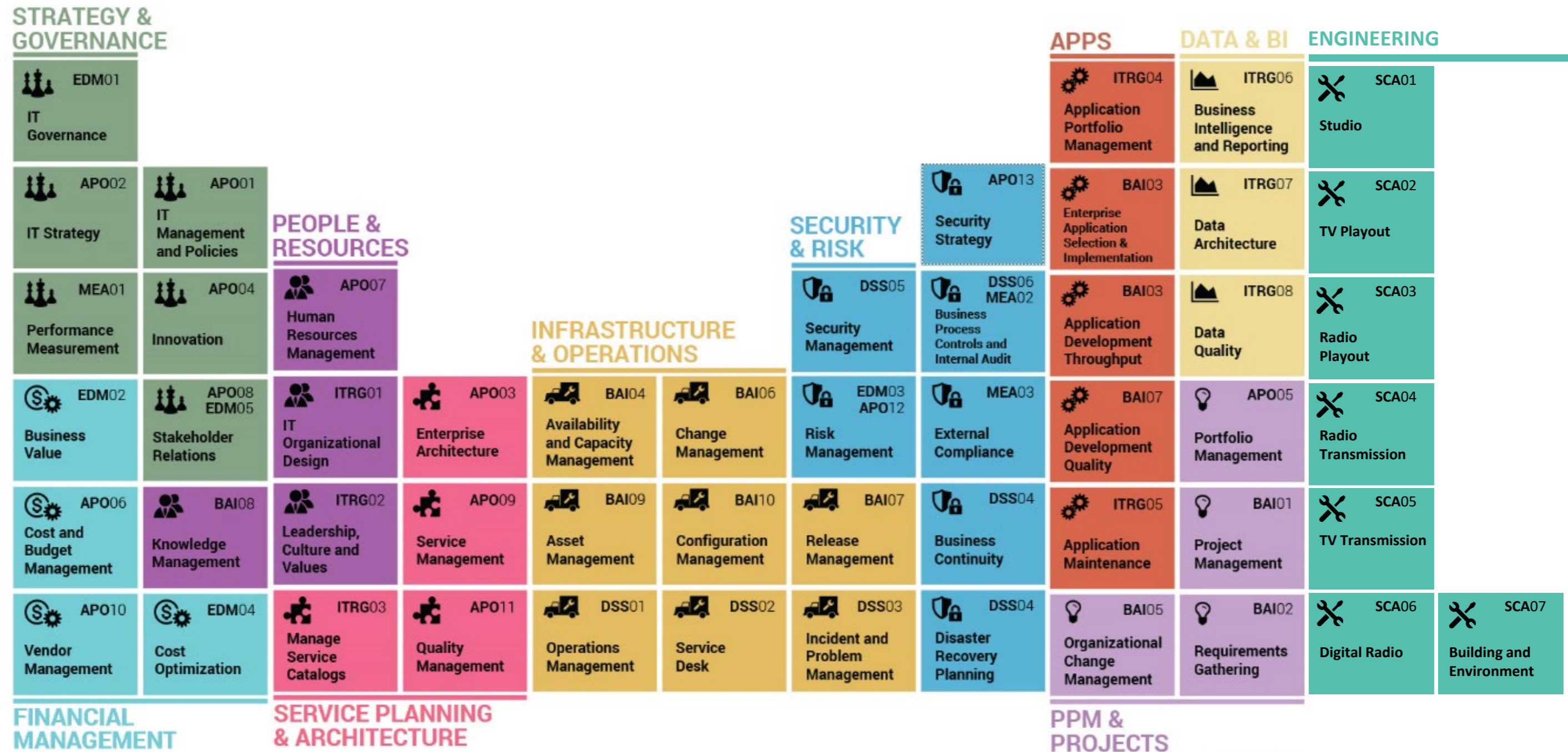
WORKING TOWARDS A CONVERGED IT AND BROADCAST TECHNOLOGY SERVICES TEAM

- 1. Extending Technology Services established governance and controls** - particularly in the areas of software and asset management and security and risk management
- 2. Extending Technology Services 'Service Management' capability** - delivering visibility of incidents and changes, identifying causes of operational interruptions with a view to implement continuous improvement and proactive problem management
- 3. Developing a unified technology reference model** – delivering a consolidated view of SCA's technology capability enabling:
 - Identification of duplicated technologies
 - Rationalisation of technology and vendor landscape
 - Creation of shared technology resource pool
 - Delivery of unified strategic technology roadmap

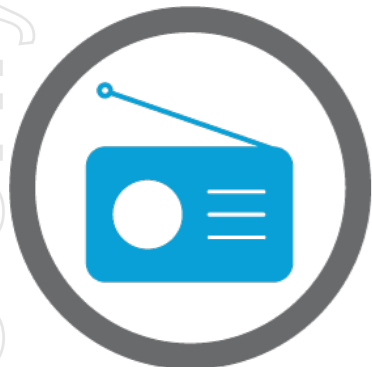


CAPABILITY ASSESSMENT MAPPED AGAINST INDUSTRY STANDARD FRAMEWORK

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A SMARTER WORKPLACE – POSITIVE COST IMPLICATIONS



RCS Sound Software Zetta GSelector



New Radio Playout system across the entire network

NPC TV Playout agreement

Sales - CRM

Sales and Traffic Systems

Efficient and Collaborative Workplace

- Enables centralisation of support function resulting in reduction of technical staff.
- Enables operational efficiencies in scheduling and content staff.

- Avoids significant capex investment to refresh playout ageing infrastructure.
- Modern facility providing a high level of redundancy.
- Scalable and flexible solution for addition or reduction of channels.

- 360° view of current and historical customer data and interactions.
- Increased business efficiencies and process improvements through end to end automation and standardisation of the sales process.

- Upgraded and consolidates 5 unsupported instances of the sales application to a single modernised platform providing improved yield management.

- Enhanced team collaboration and efficiency.
- Reduction in travel costs resulting from effective use of 105 Video Conferencing units.

MODERNISED AUDIO PLAYOUT SYSTEMS

What?

- Music Scheduling and Audio Playout for SCAs 78 Analogue & 36 Digital Radio Stations¹

Benefits

- Centralized Support Function resulting in reduction of technical staff
- Operational efficiencies in scheduling staff
- Reduction of panel operators in receiving stations
- Elimination of manual tasks, such as sharing music logs or audio
- Centralized Music Database allowing single ingest point
- Ability to Scale (DAB and Pop-up Stations)
- Simpler Reconciliation and reporting to authorities – APRA, PPCA



Zetta

GSelector

1: Source: Digital radio station formats are programmed by state

TV PLAYOUT AND PRESENTATION – THE PAST

SCA's TV Playout Canberra

- 105 Channels into 24 regional markets in Queensland, Southern NSW, Victoria, Tasmania, Darwin, Spencer Gulf, and VAST
- The physical building that hosts the playout centre is 37 years old
- SCA's Playout facilities were established in this centre in 2003 and much of the playout facilities and equipment is +15 years old and heading to end of life



SCA – Playout facility Canberra



NPC Media

TV PLAYOUT AND PRESENTATION - NPC SOLUTION

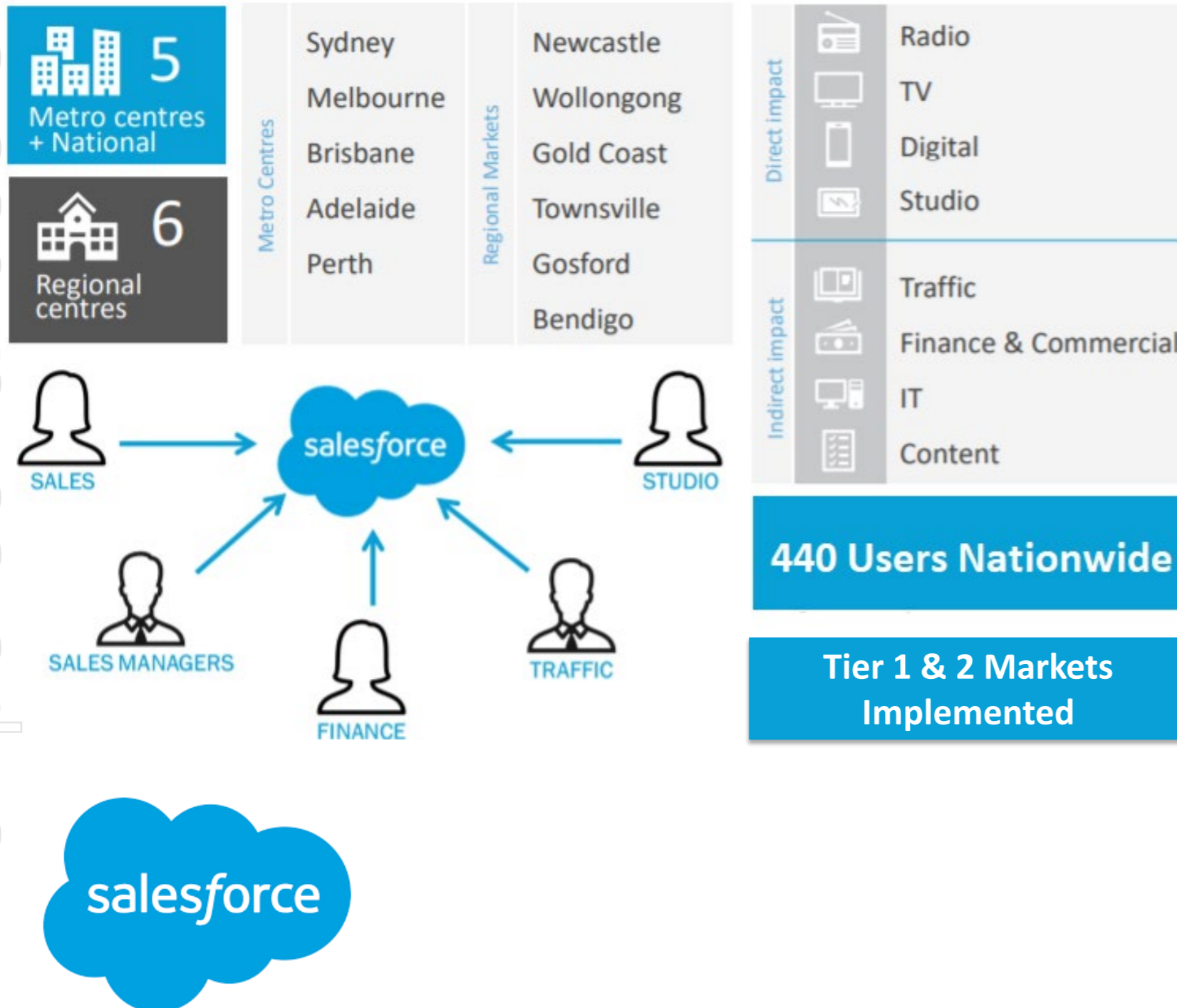
NPC Media, a JV between Nine and Seven, has been chosen as the future playout and presentation solution for SCA. The benefits of this pathway include but are not limited to:

- Avoiding the requirement for significant CAPEX investment to refresh playout infrastructure, as CAPEX investment is the responsibility of the NPC
- Modern facility, specifically designed for IP based broadcast solutions
- High level of redundancy in systems, power and cooling resulting in a reduction of operational risk
- Technology allows redundant systems to be built across NPC site and a remotely located data centre
- Scalable and flexible solution for addition or reduction of channels
- Transition of services to commence from September 2019 and complete before June 2020 (planned playout from NPC)
- Agreement term of 7 years



SALESFORCE CRM – INTRODUCED TO SCA

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- Salesforce will enable increased collaboration across business units within SCA (Sales, Studio & Finance) by representing a single point of truth for customer
- Increased business efficiencies through automation and standardisation of the sales process
- Availability of streamlined reporting and insights enabling more meaning information and empowered employees
- Improved reporting and insights

NEW PROCUREMENT FUNCTION DELIVERING SAVINGS

- The Procurement Team engages with all parts of the SCA business to assist with standardising procurement practices, increasing governance and reducing costs.
- The results of these initiatives of the last 10 months have seen a total cost savings/avoidance forecast across FY2019 and FY2020 approaching \$4m with key areas of focus including: electricity, software rationalisation, travel, stationery and office printing.
- Going forward, we are currently focusing on fleet cars and fuel category, promotional merchandise infrastructure maintenance agreements and group purchasing of electricity to achieve wholesale price benefits.



CONCLUSION

GRANT BLACKLEY
CHIEF EXECUTIVE OFFICER



SOUTHERN CROSS AUSTEREO
absolutely engaging

CONCLUSION

Current Trading

- FY19 has commenced positively – 3.5% revenue growth in Q1
- Balance sheet repair process completed – provides SCA with increased flexibility

Operational Excellence

- Optimise audio assets
- Grow new audio platforms
- Nationally aligned management structure will deliver improved operational effectiveness
- Sales teams delivering market leading outcomes
- Continued deployment of technological improvements

CONCLUSION

Focus on capital returns

- Delivery of consistent cashflow to support dividend-flow
- Disciplined allocation of capital
- Target ROIC improvement and consistent EPS growth
- Retain agility to respond to market changes

Strategic Focus

- Clear alignment across Board, Executive and people of SCA
- Acute understanding of our capabilities, and how we can add value
- Preferred entertainment company with leading brands that bind communities
- Focussed approach to improving content and monetising industry sectors