



SOUTHERN CROSS AUSTEREO

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ASX RELEASE

30 APRIL 2019

SOUTHERN CROSS AUSTEREO INVESTOR PRESENTATION TO MACQUARIE AUSTRALIA CONFERENCE 2019

Please see attached a copy of the presentation being delivered by Grant Blackley to the 2019 Macquarie Australian Conference on Tuesday 30 April 2019.

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

SOUTHERN CROSS AUSTEREO

Macquarie Investor Conference

Grant Blackley, CEO

30 April 2019



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DISCLAIMER

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AGENDA

- **SCA Strategy**
- **Industry Trends**
- **New Initiatives**
- **Financials**
- **Market Outlook**

SCA STRATEGY – FOUR KEY PILLARS

CONTENT



**Create compelling
content**

DISTRIBUTION



**Deliver improved
audio experiences**

MONETISATION



**Use our assets to help
our clients succeed**

NEW GROWTH



**Transform our
business to build
sustainable revenue
streams**

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SCA STRATEGY - CORE COMPETENCIES & ATTRIBUTES

Competency Reach

95% of Australians
each week

Platform to promote and
amplify brand-led initiatives
for our assets and advertisers

Competency Localism

65 locations
2500 permanent
people

Key point of difference – SCA
acts as the trusted partner
for our audiences and
advertisers alike

Attributes

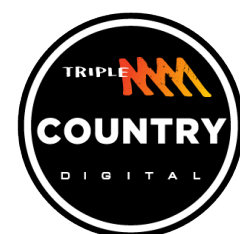
People
Sales Expertise
Insights
Brands

Critical business driver –
Invest in Front of House –
cleanse Back of House



SCA STRATEGY - CORE ASSET BASE

AUDIO



Up to 10 FM and DAB+ stations per metro market
68 regional radio stations &
national podcast network

TELEVISION



TV affiliation in
regional Australia
(excl. WA)

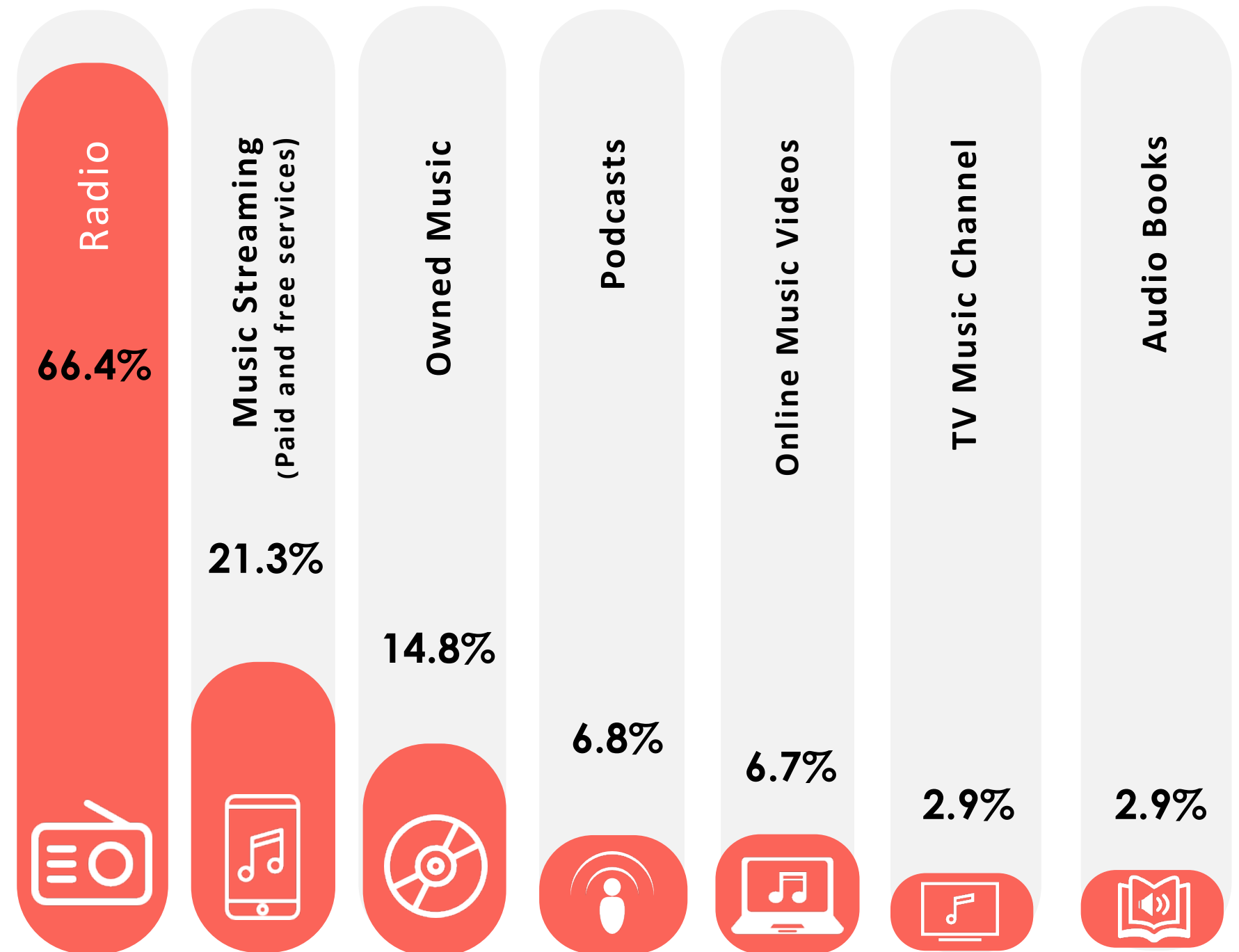
Only Sydney & Melbourne have the full suite of DAB stations

INDUSTRY TRENDS - SHARE OF AUDIO % PEOPLE WHO LISTEN DAILY

With over 66% of all Daily audio LISTENING radio has 3 times more listeners than the streaming services combined.

While Streaming music is growing it still represents a much smaller proportion of LISTENING than radio – Streaming listening has principally replaced owned music.

Podcasting listening at 6.8% and accelerating



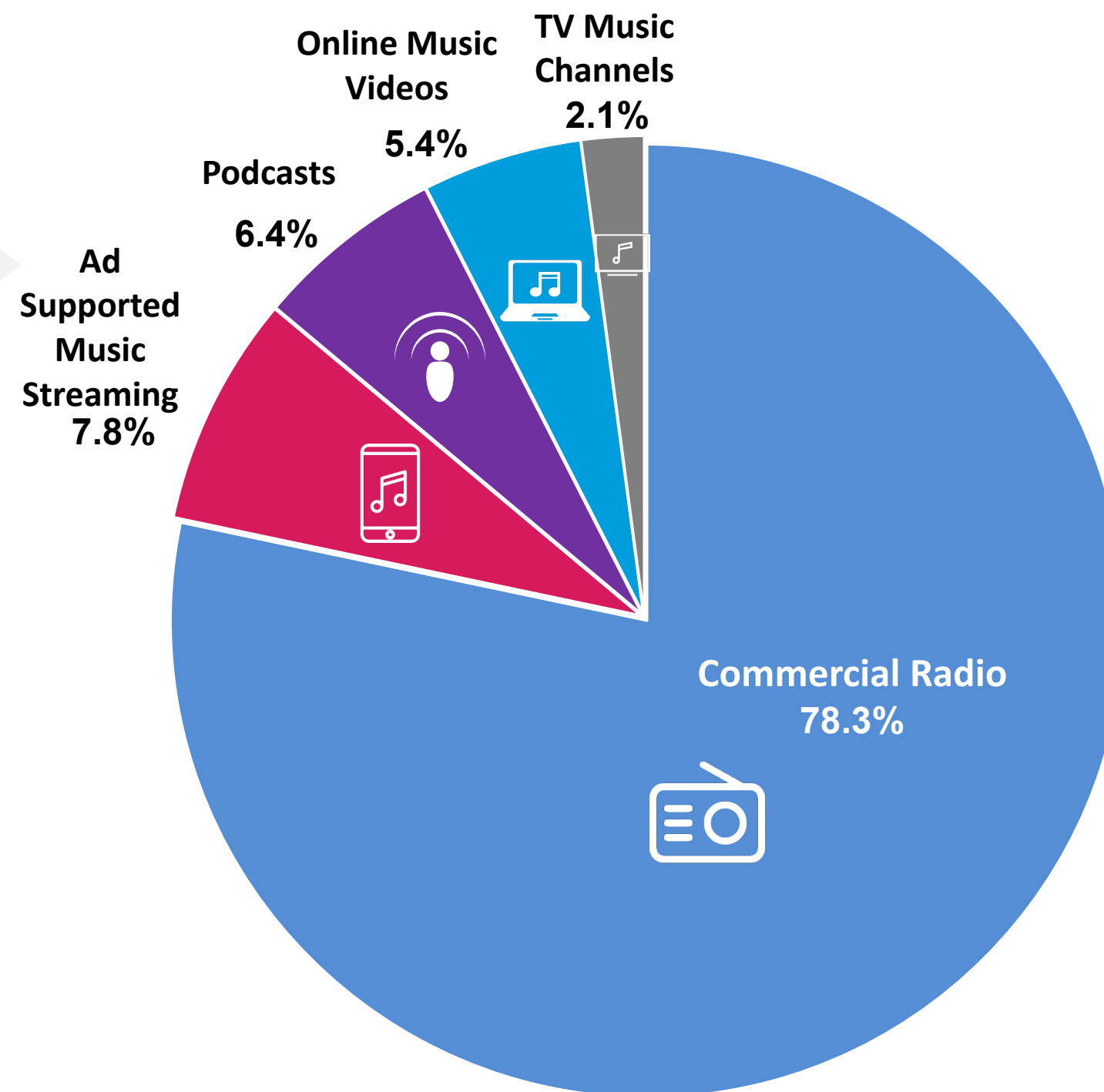
Source: GfK Share of Audio 2018, P10+, Average time spent listening (hh:mm), Mon-Sun 12mn-12mn.

INDUSTRY TRENDS - SHARE OF THE COMMERCIAL AUDIO SECTOR

Radio has over 78% of all 'Commercial' Audio Listening well ahead of the 7.8% of Ad Supported Streaming.

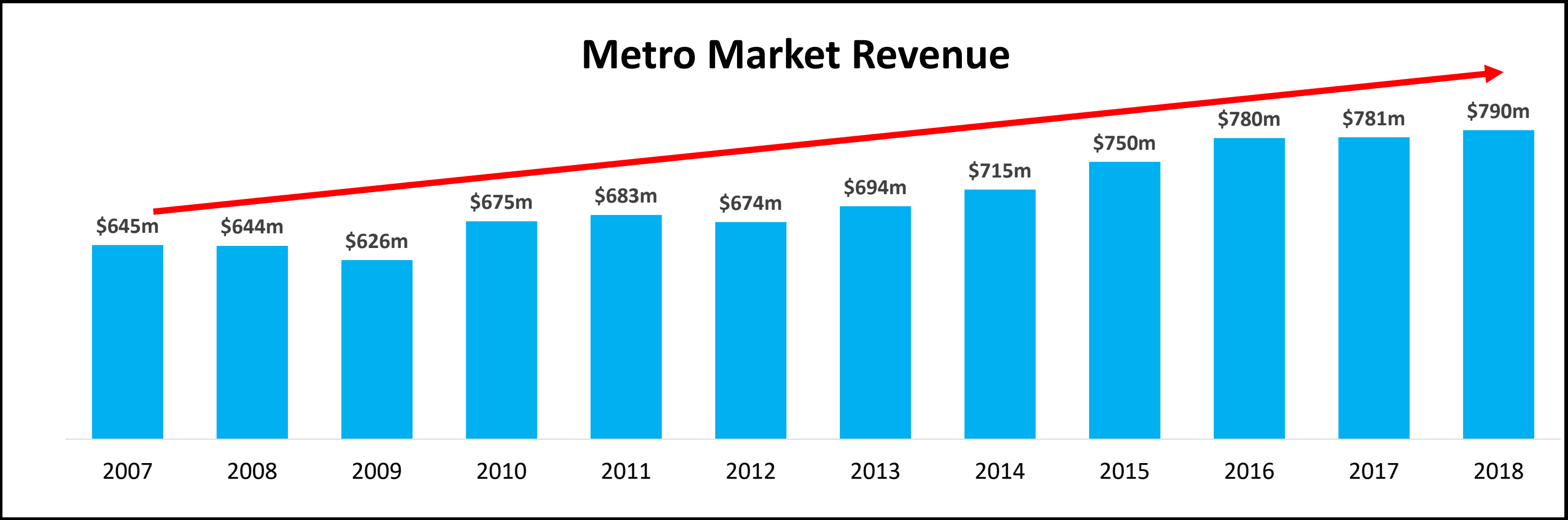
Podcasting has 6.4% Share of listening and growing fast – potential to pass Ad Supported Streaming this year for Commercial audio listening.

About **68% of Streaming music today is paid and Ad-Free** subscription services.



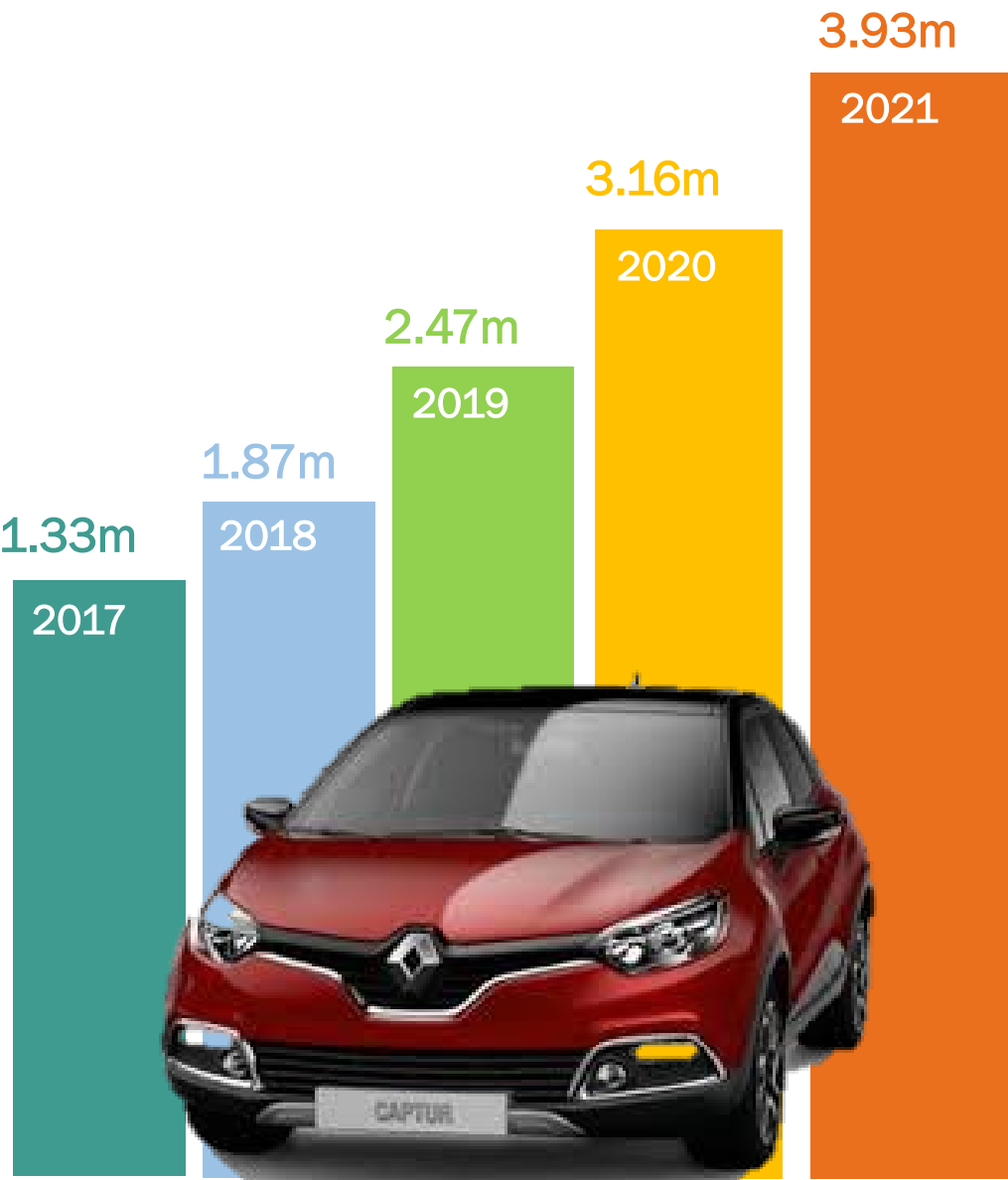
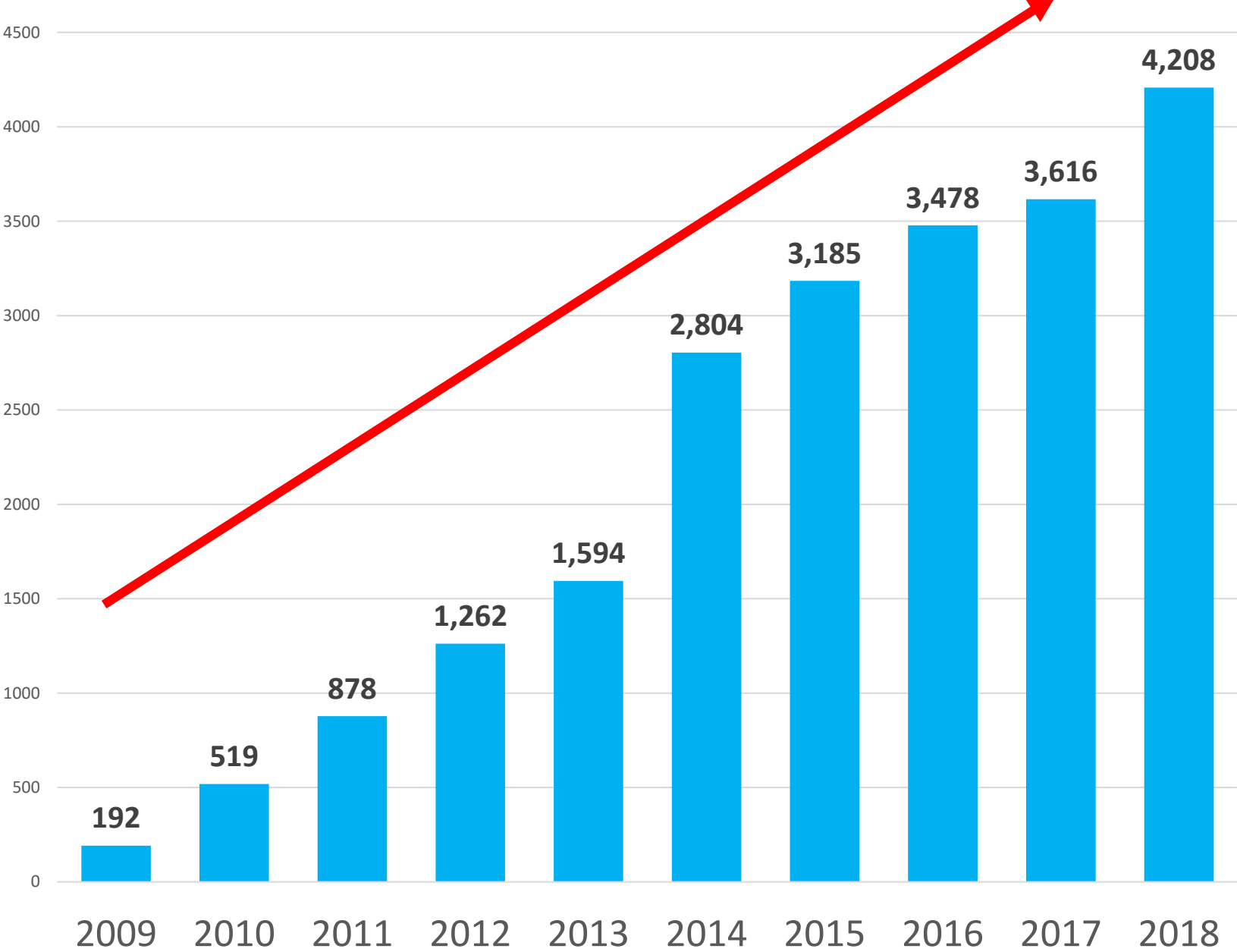
COMMERCIAL RADIO IS A GROWTH PLATFORM

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



DAB+ DRIVING THE FUTURE GROWTH IN RADIO

Cume (000): Metro DAB Historical Trends - All Ppl
10+



Forecast cumulative vehicle sales with DAB+

Source: GfK metro radio surveys, Commercial Radio Australia

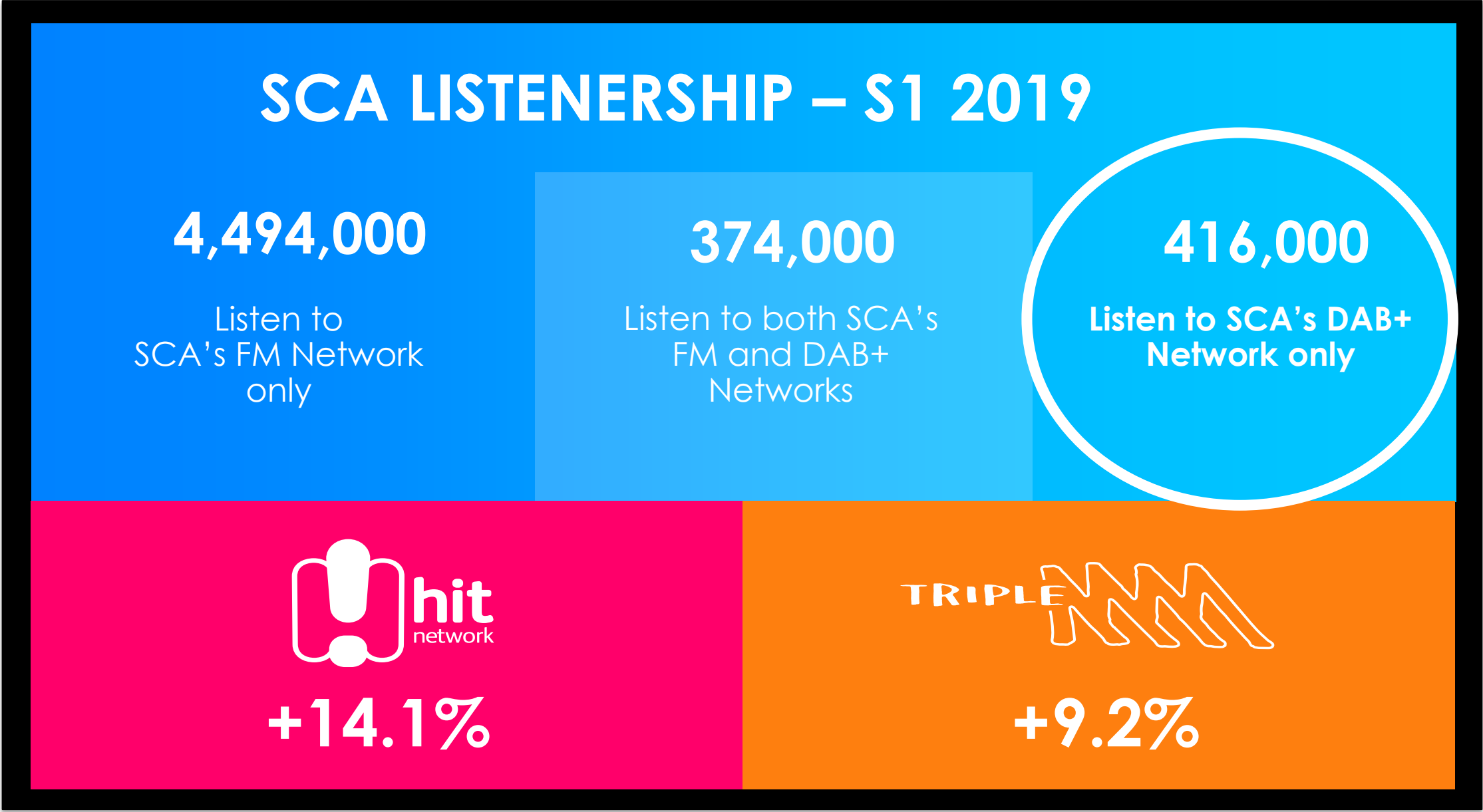
SCA'S DAB+ BRAND STRATEGY

SAFE – TRUSTED – FAMILY OF BRANDS



SCA'S DAB+ INCREASED LISTENING - INCREMENTAL REACH

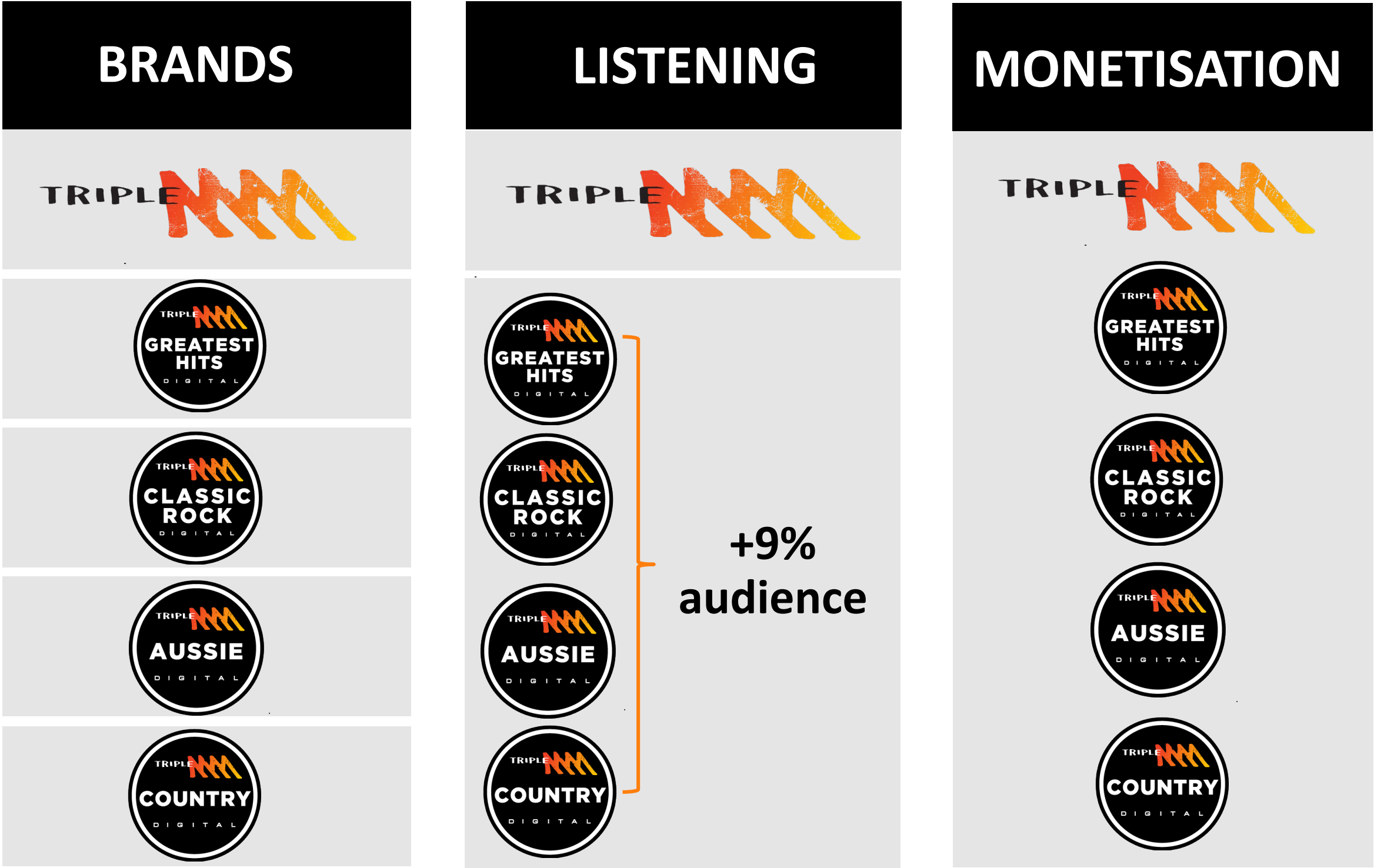
Aggregated FM and DAB+ Radio increases unduplicated audience reach



Source: GfK Metro Survey #1 2019, Mon-Sun 12mn – 12mn. Cume Reach FM and DAB+.

SCA's DIGITAL STACK MONETISATION

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Buyer only focuses on the combined ratings – NOT separate ratings

One aggregated audience
1 spot = 5 impacts simultaneously

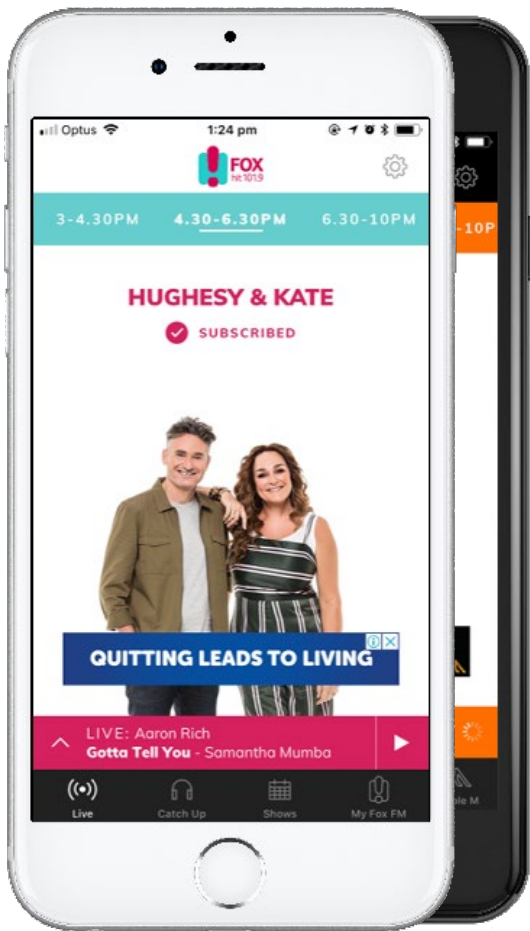
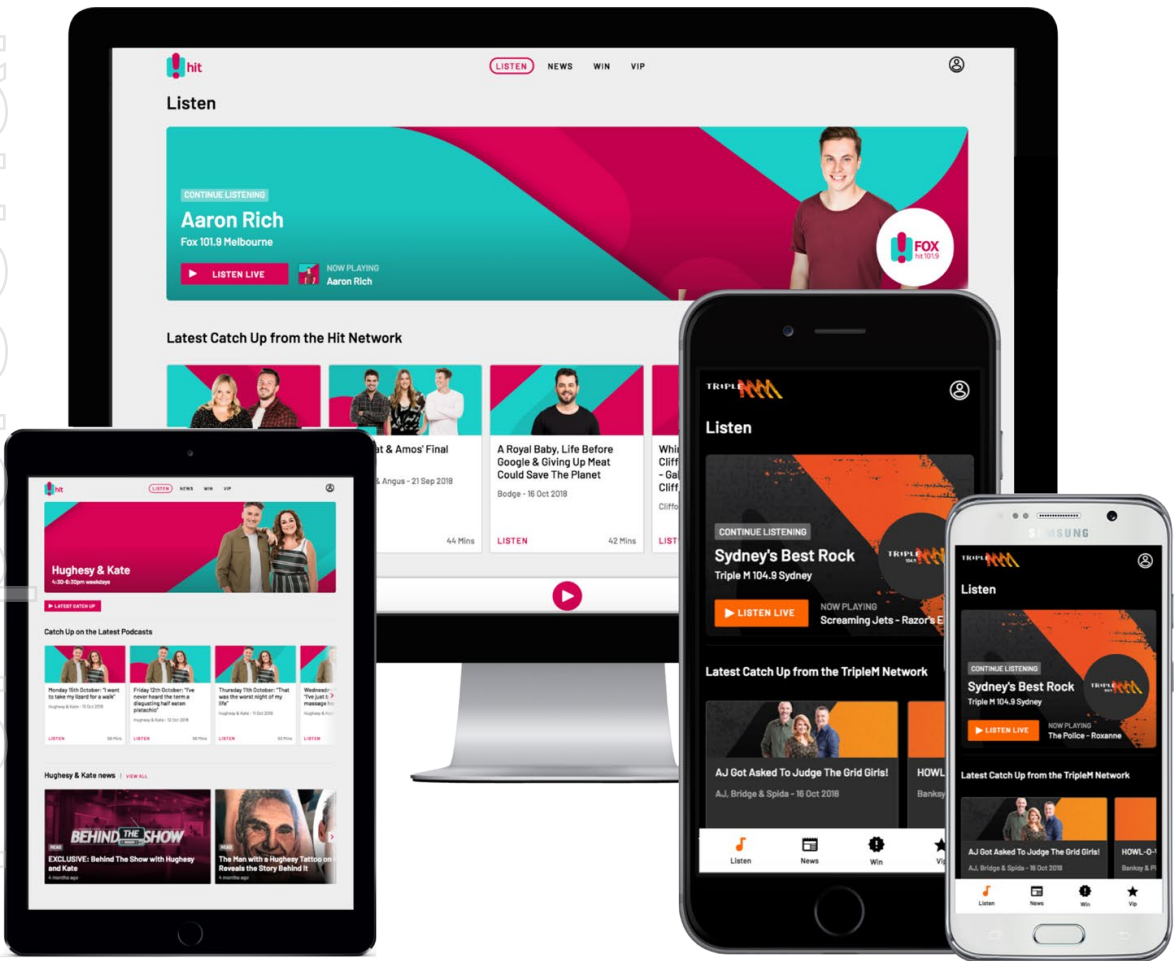
Same CPM
Greater Reach
Brand Safe

SCA's DIGITAL STREAMING ECO-SYSTEM

94 Branded Websites
Desktop, Mobile &
Tablet

SCA Apps
Mobile & In Car

3rd Party
Apps & Websites



OFFICIAL



UNOFFICIAL

SCA IS CONNECTED – NEW SMARTER AUDIO

LIVE RADIO

106 streams



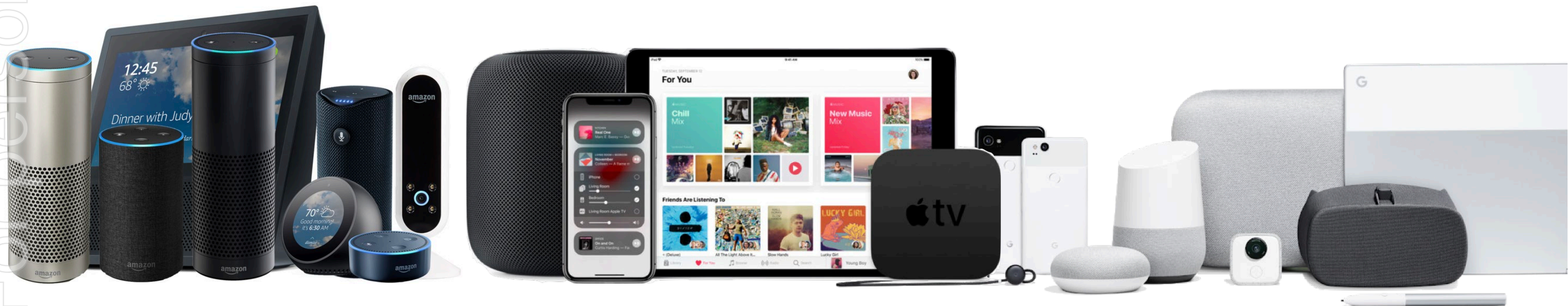
ON DEMAND

140 catch up shows &
200 Organic Podcasts



SMART NEWS

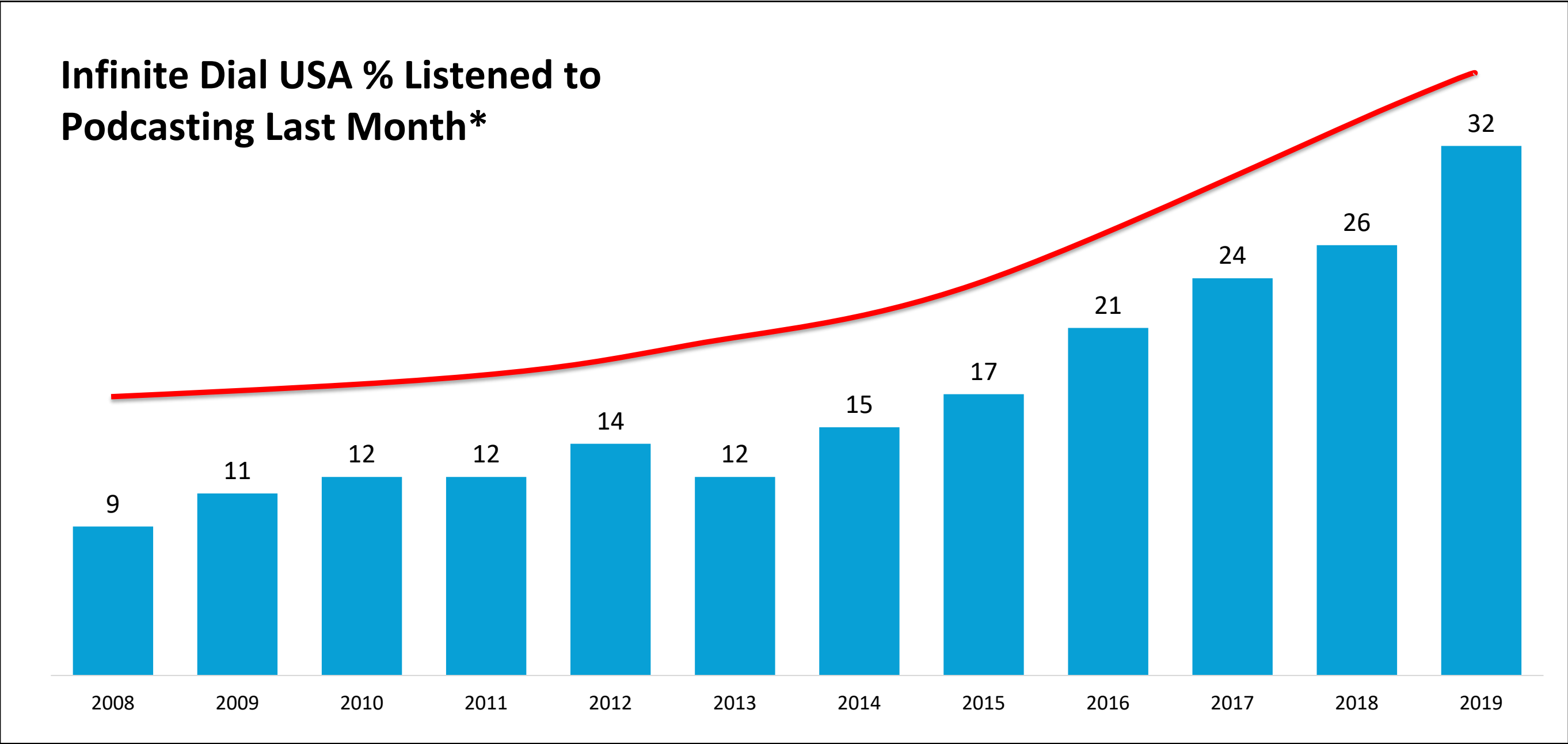
896 mins per week



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

¹ Source: Edison Infinite dial survey; SCA research insights

PODCASTING IS ACCELERATING GLOBALLY



*Infinite Dial Report 2019

NEW INITIATIVES IN THE PODCAST MARKET FOR SCA

- Podcasters are trusted - “The Trust Economy”
- Podcasts educate, relax, inform, excite and make you laugh
- PodcastOne (wholly owned by SCA) is Australia’s Leading Premium Podcaster – 100m downloads in 18 months
- PWC forecasts Australian podcasting market revenues to rise exponentially – as per the U.S experience (e.g. Cumulus Media U.S podcast revenue went from \$100K in 2016 to \$10m in 2018)
- PodcastOne extending investment to serve the Branded Podcast market – both the B2B and B2C market

Opportunity	Suitability
Premium Original	✓
Branded Podcasts	✓
Radio Catch Up Podcasts	✓
Self-publishing platforms	✗



*PWC Outlook Report 2019

NEW INITIATIVES - INSTREAM DIGITAL ADVERTISING

Instream will dynamically deliver **addressable audio advertising** into live radio when a listener is streaming from an internet connected device

Instream advertising competes directly with the likes of Spotify, who over the last 3 years have established a digital audio revenue pool in Australia worth over \$25m (estimate)

In the **next 12 months 70% of media buyers intend to invest in cross-platform radio spot + digital audio opportunities in 2019**; and 84% of media buyers intend to buy ads within on-demand streaming*



NEW STRATEGIC DEAL - SOUNDCLOUD

SoundCloud is an online global audio distribution platform and music sharing website – enabling users to upload, promote, and share audio

Soundcloud has 40m registered global users and 175m unique monthly listeners (2.5m Australian uniques).

In the U.S as of March 2018 – Net Reach:

1. Apple Music 23%
2. Spotify 22%
3. Pandora Radio 17% (exited Australia 2016)
4. **Soundcloud 16%**

SCA + Soundcloud – provides the opportunity to bundle digital audio inventory at scale



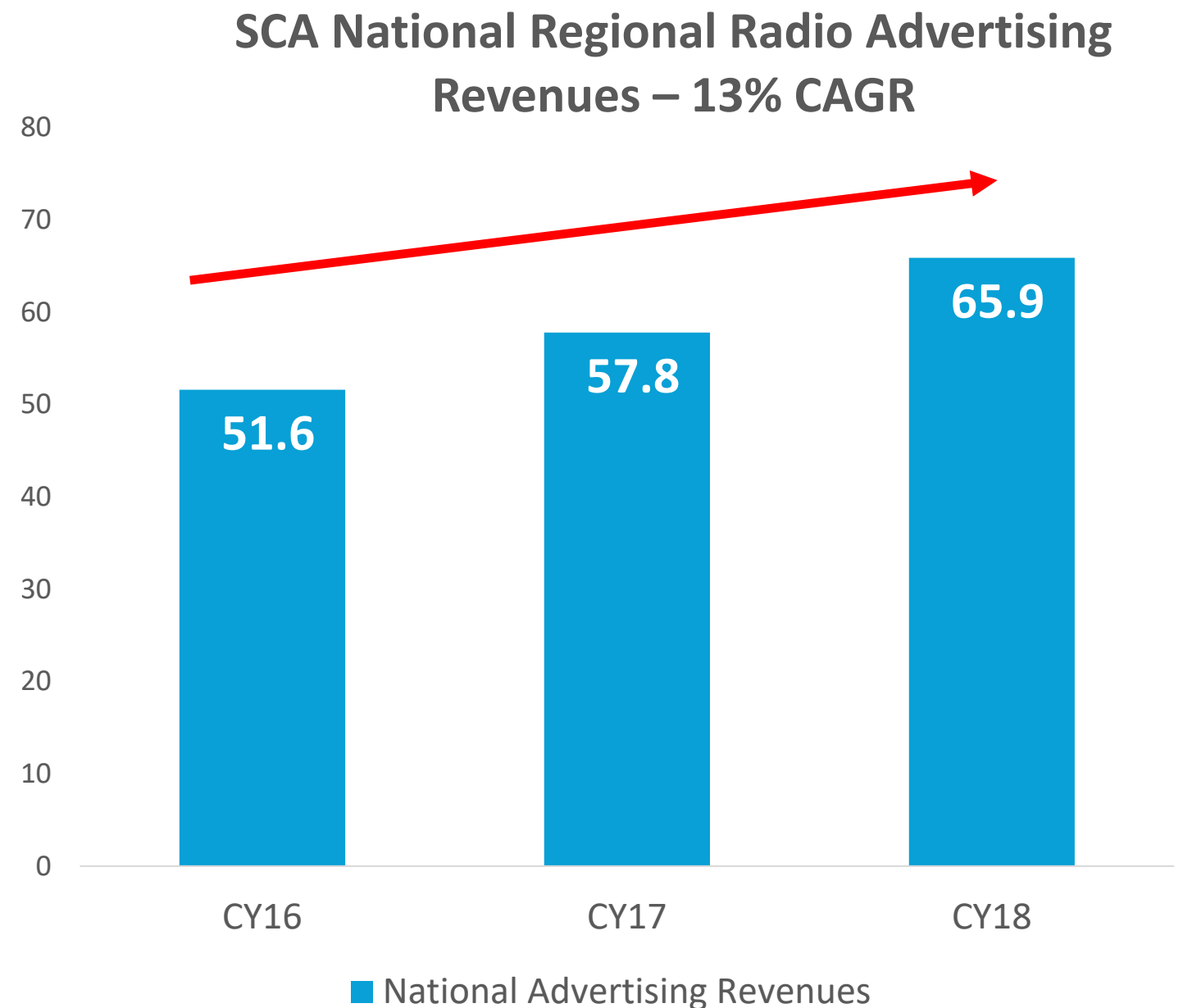
Boontown.



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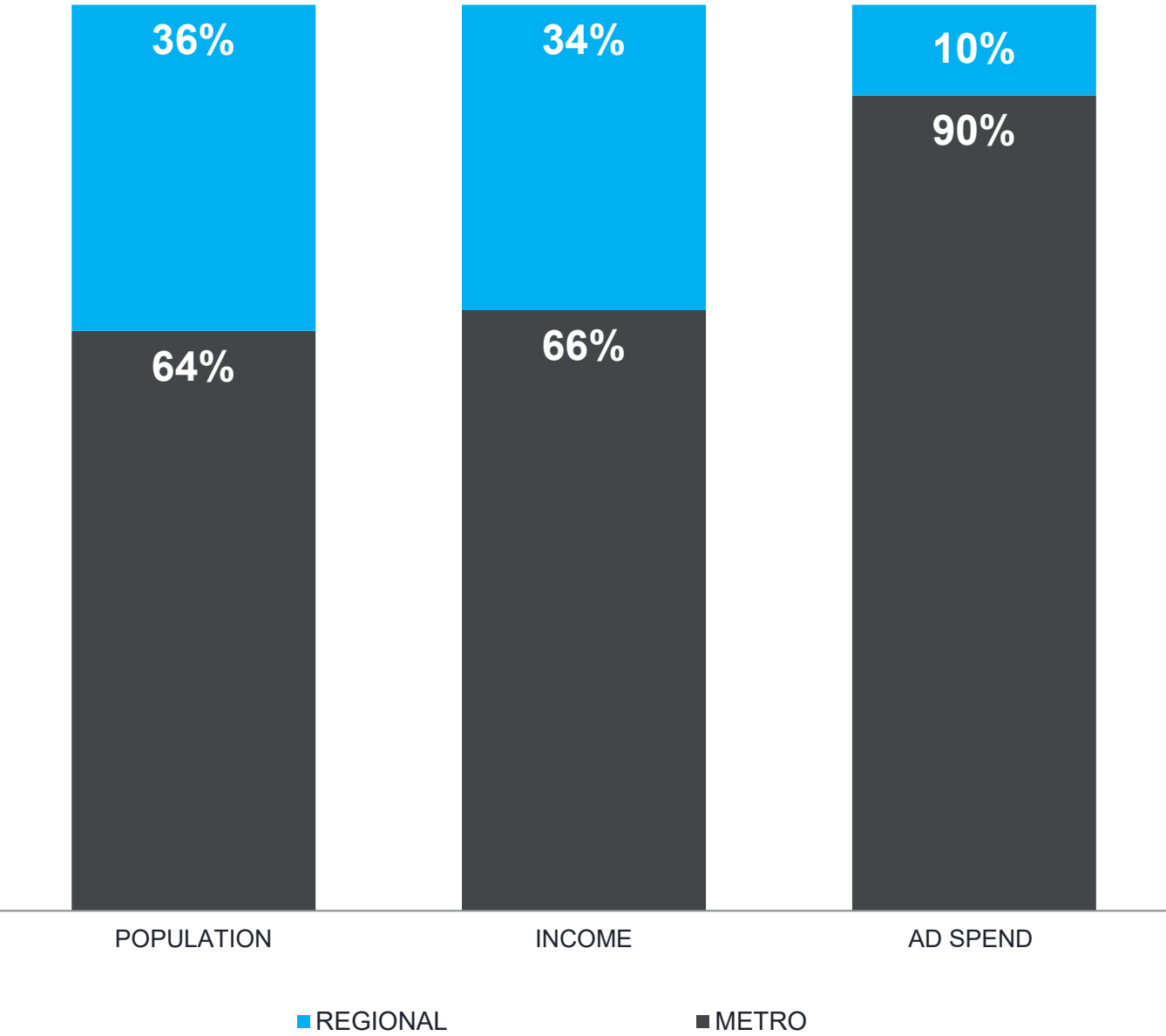
BACKGROUND: SCA REGIONAL RADIO GROWTH & DEVELOPMENT

- National investment with SCA in regional radio markets has grown 12% and 14% respectively - over the last 2 years
- SCA has led the education and conversation with agencies and advertisers
- The industry needed to unite with a common strategy and “north star”
- Boomtown was launched in March 2019 - coalition of the willing!



REDEFINING REGIONAL AUSTRALIA – AND ADDRESSING THE UNDERINVESTMENT

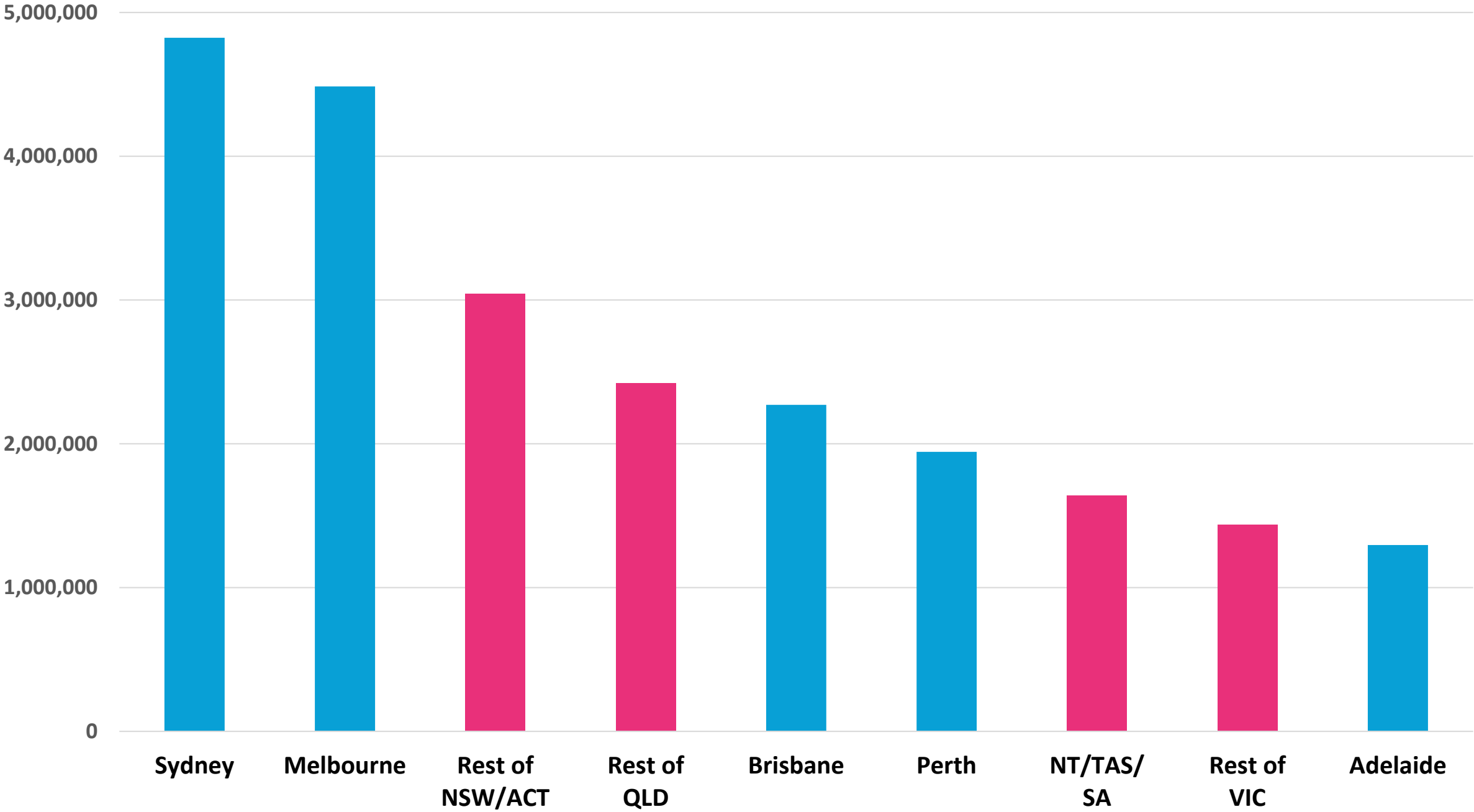
INVESTMENT BY
NATIONAL BRANDS IN
REGIONAL AUSTRALIA
IS **UNDERWEIGHT** VS.
POPULATION AND
INCOME



Source: ABS, Jun-15 Estimated Resident Population by Territory & SMI

BOOMTOWN – THE OPPORTUNITY

Regional Australia has a combined population of 8.8 million

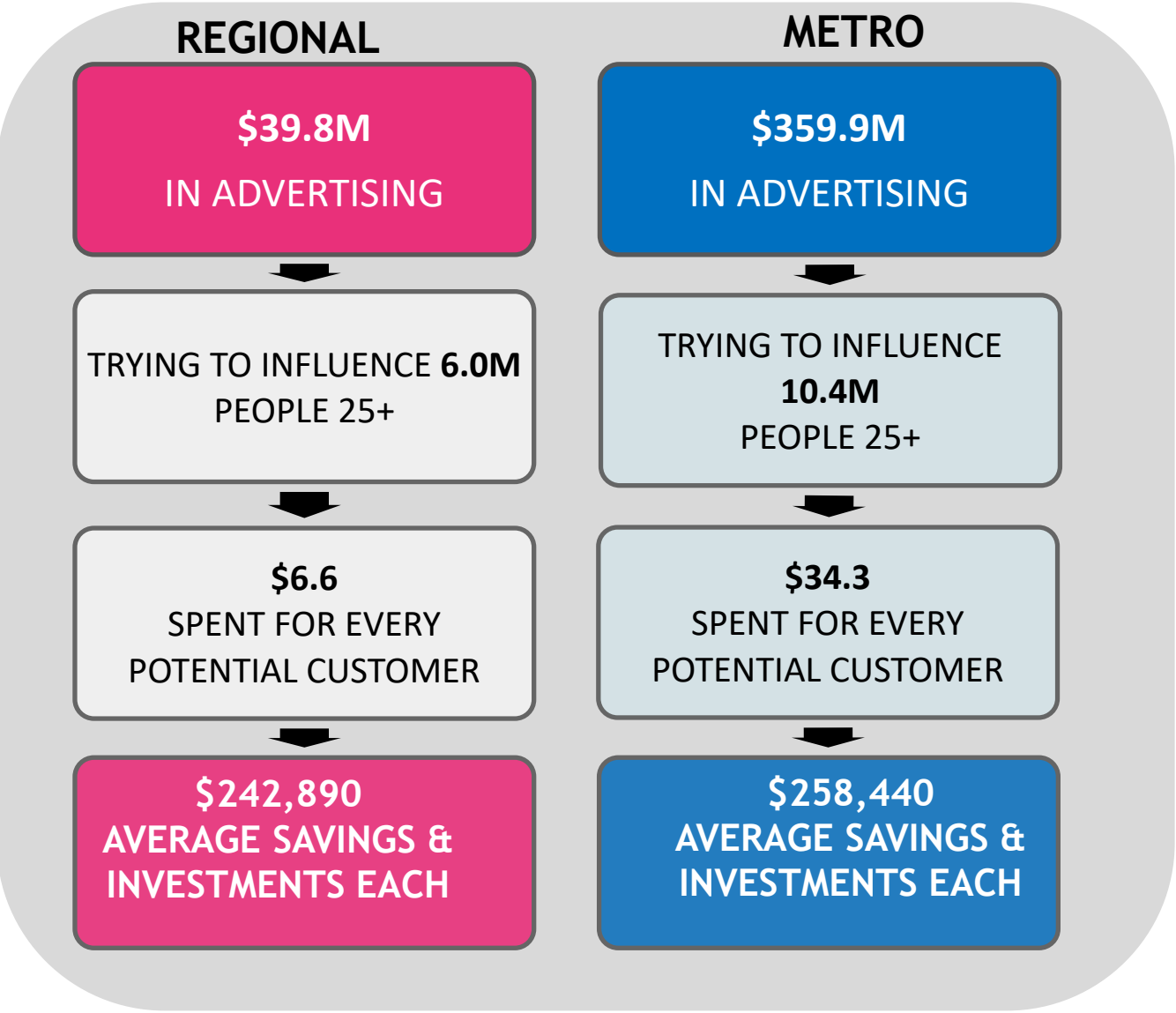


Source- ABS statistics

BOOMTOWN – THE OPPORTUNITY

Regional vs Metro Ad spend disparity

INSURANCE CATEGORY SPENDS 5X IN METRO



Dentsu Aegis CEO Henry Tajer

“The Boomtown initiative would jolt the marketing industry into realising its "blind spot". Those Boomtown statistics are really important – regional markets are underpowered by two-thirds”

“If we believe marketing and communications is a driver of business growth, growth is growth whether it’s metropolitan or regional. The only way to shine the light on regional Australia is for all the regional audience gateways, the media companies, to work together. They’re doing that around a real business issue”

Published: AFR- April 4th

BOOMTOWN COMES ALIVE



Boomtown.

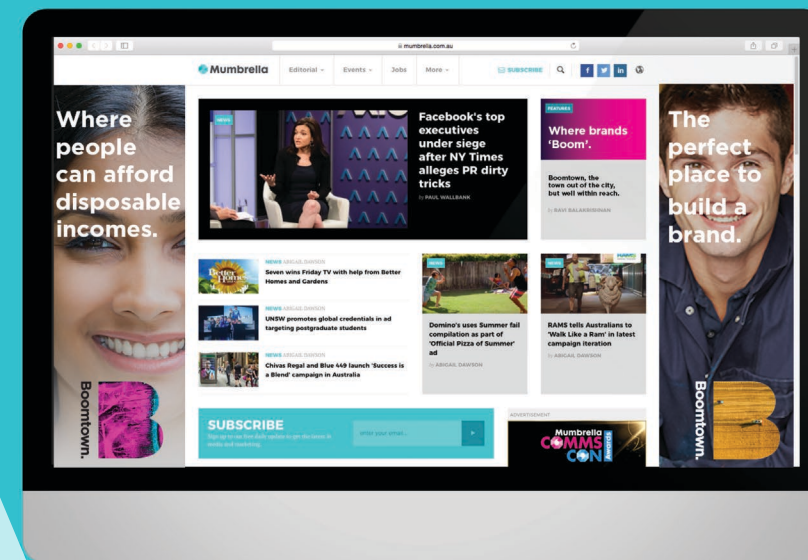
Stretch your media dollar further.

Pop. 8.8 million consumers and counting



It's time to rethink regional advertising.

Visit www.Boomtown.Media



Boomtown means business

Get the facts about the spending power of Boomtown's 8.8 million residents and why sense to advertise in this uncluttered environment.

GET THE FACTS NOW >



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NEW INDUSTRY CAMPAIGN – REDEFINING REGIONAL MEDIA

Boomtown.



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 WIN
NETWORK

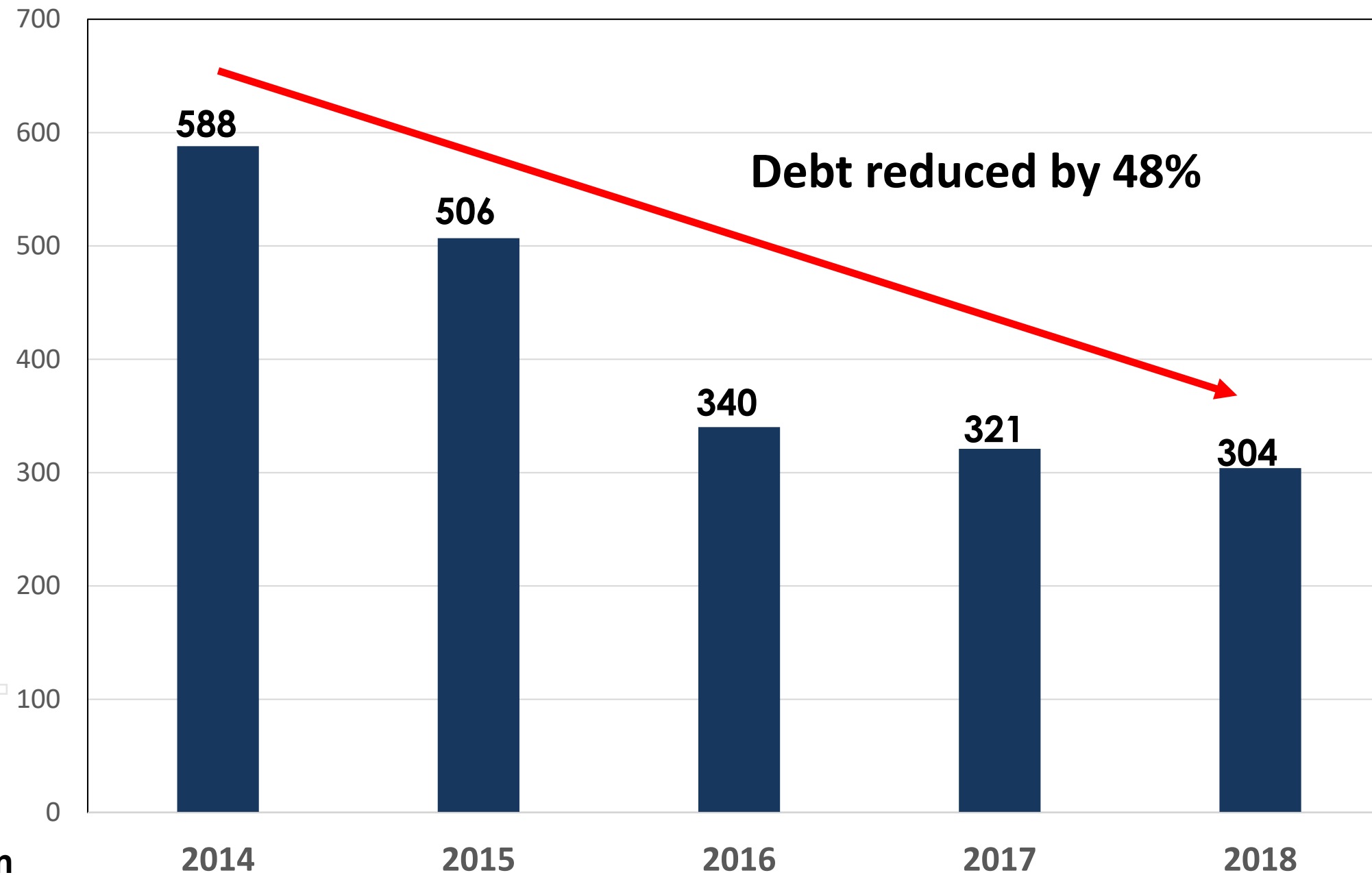
 PRIME
MEDIA GROUP

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 AUSTRALIAN
COMMUNITY
MEDIA

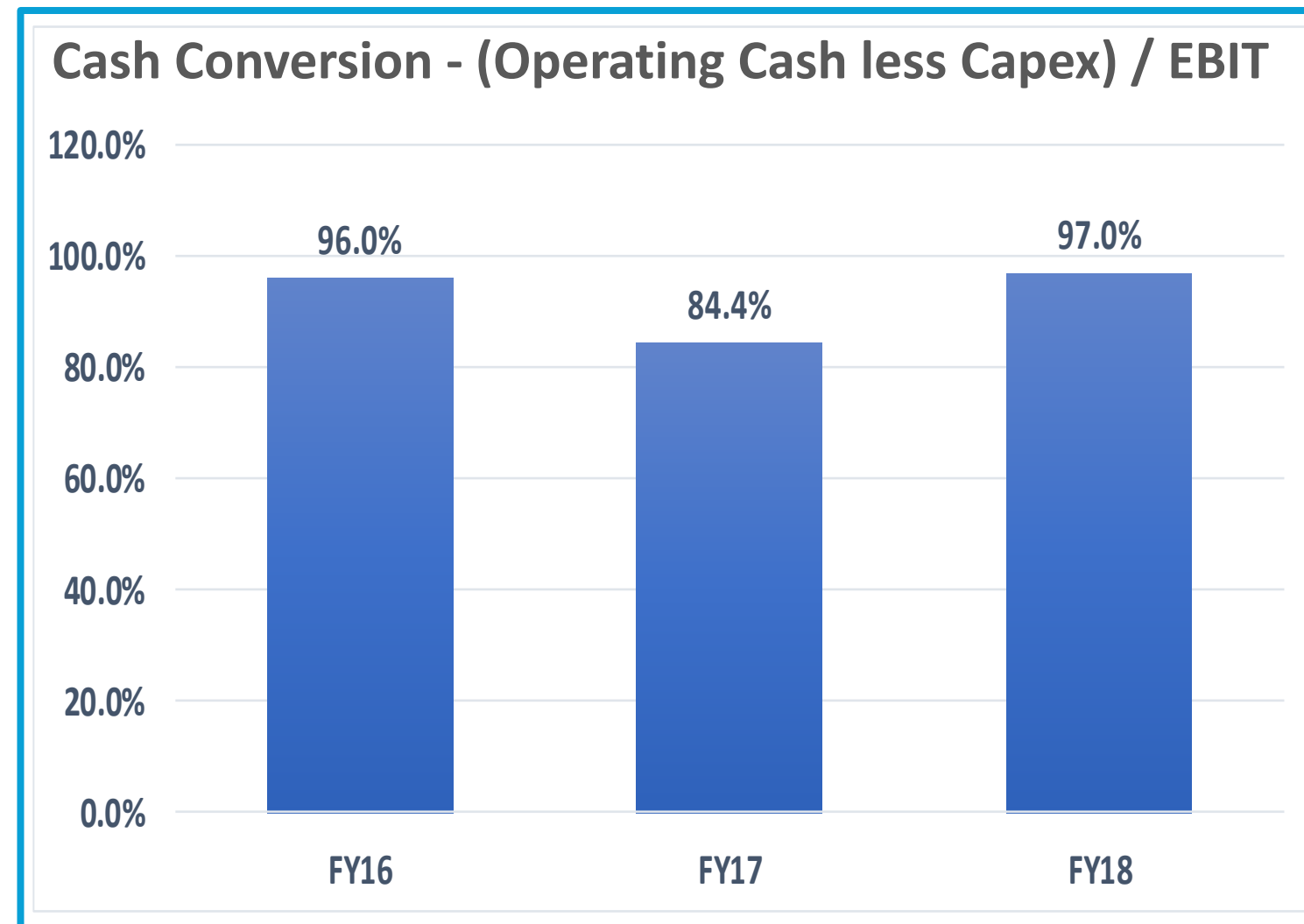
 Imparja

FINANCIALS - CAPITAL MANAGEMENT DRIVES IMPROVED BALANCE SHEET

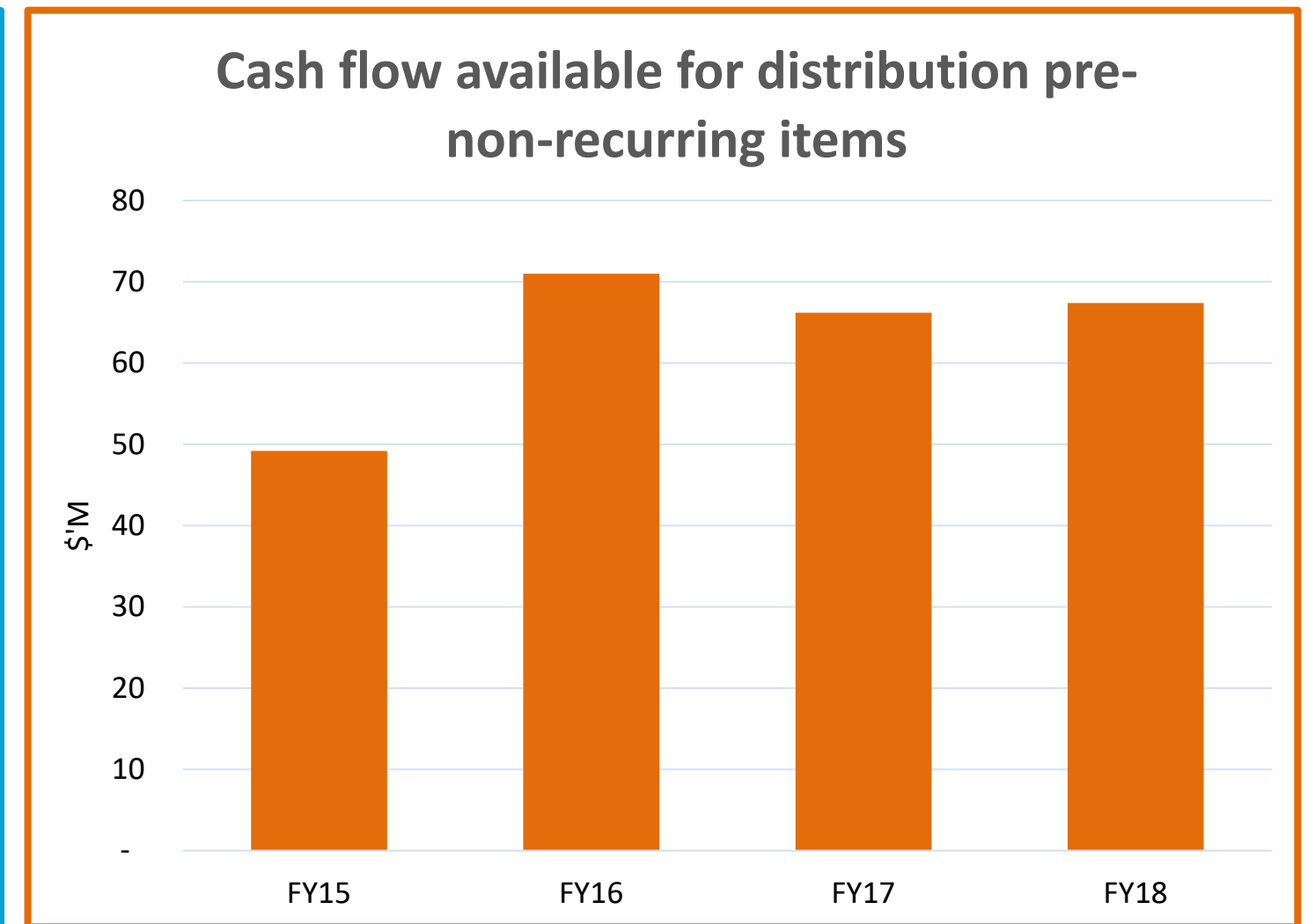


- \$284m or 48% reduction in net debt over last 5 years
- Debt reduction program has positioned SCA with much improved balance sheet – creating flexibility to pursue corporate strategy

FINANCIALS - STRONG CONSISTENT CASH GENERATION

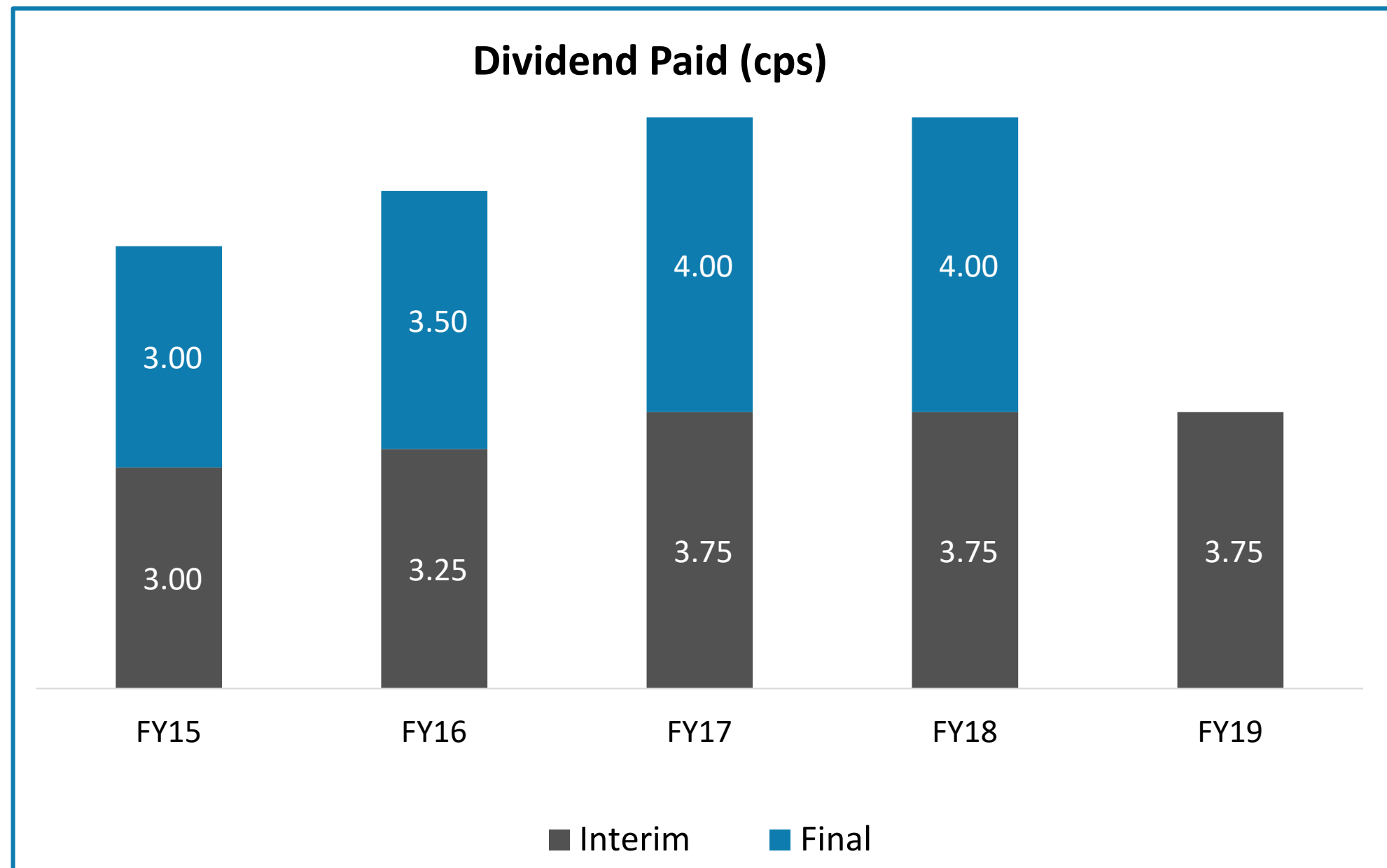


- SCA asset set delivers high cash conversion with modest capital requirements



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

FINANCIALS - SUSTAINABLE DIVIDEND POLICY



- Dividend payout policy 65% - 85% of NPAT
- Strong cash generation supports payout ratio to shareholders

TRADING UPDATE

Outlook

- Advertising markets generally weak in Q3 – yet SCA gaining share
- Q4 trading ahead of last year, led by growth in national advertising
- Improving survey performances for FM and DAB+ stations
- Podcasting revenues well up on prior year
- Strong cost disciplines across the business - full year costs expected to be flat



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