

**SCA delivers EBITDA of \$108.2M**

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the year ended 30 June 2020. The results highlight SCA's significantly improved balance sheet and strong cash flow, along with continuing or growing demand for SCA's core audio products and progressive improvement in revenues since May 2020.

The following table summarises the results, including comparisons to the prior year.

	FY2020	Excluding AASB16 (Leases)		
		FY2020	Comparison to FY2019 ¹	
Revenue	\$540.8M	\$540.8M	\$661.0M	(18.2%)
Expenses	(\$432.6M)	(\$447.8M)	(\$513.6)	(12.8%)
EBITDA	\$108.2M	\$93.0M	\$147.4M	(36.9%)
NPAT	\$25.1M	\$29.7M	(\$91.4M)	N.m.
Underlying NPAT	-	\$35.8M	\$73.9M	(51.6%)
Net Debt	\$131.6M	\$131.6M	\$292.6M	(55.0%)

N.m. Not meaningful

Headline achievements for the year are summarised below.

- SCA recorded EBITDA of \$108.2M for the year, representing an EBITDA margin of 20%. Despite the severe impact of COVID-19 since mid-March, SCA achieved a positive EBITDA contribution in all four quarters. This included EBITDA of \$21M in the June quarter², compared to an average of \$26M for the preceding three quarters of FY2020.
- SCA's balance sheet is robust, with healthy liquidity. The net proceeds of \$160.8M from the equity raising conducted in April remain on balance sheet. Coupled with ongoing strong cash conversion and receivables collection, the equity raising has resulted in historically low net debt of \$131.6M and leverage of 1.24x EBITDA.

¹ Underlying amounts in FY2019 exclude the impact of one-off restructuring charges of \$3.3M and non-cash significant items, comprising the impairment of \$158.9M (net of tax) in relation to the group's regional television licences and the loss of \$9.2M on broadcast transmission assets held for sale on 30 June 2019.

² June quarter EBITDA is prior to a provision for bad and doubtful debts of ~\$5M.

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- Revenue declined by 18.2% in both Audio and Television. The impact of COVID-19 on SCA was mitigated by the geographic diversity of SCA's radio portfolio comprising 10 commercial stations in metro markets and 78 in regional markets. COVID-19 has to date had a lower impact on less densely populated regional markets, while the Boomtown industry trade marketing initiative continues to encourage national advertisers to consider higher investment in regional areas.
- Now cashflow positive, PodcastOne Australia grew revenue by 96% to \$4.6M and SCA's instream (addressable) advertising revenue grew by 112% compared to FY2019. With the growth in digital audio accelerating during COVID-19 lockdowns, SCA is well-placed to benefit from increasing advertiser awareness of consumers' deep engagement with digital audio products.
- Expenses (excluding AASB16) of \$447.8M were down \$65.8M or 12.8% on FY2019, driven by significant savings in discretionary spending and employee-related expenses. These reductions are in line with those forecast at the time of the equity raising, including support of \$16M from the Federal Government's JobKeeper wage subsidy.
- Outsourcing of capital intensive broadcast transmission and television playout functions has reduced capital expenditure requirements. Capex of \$15M was 45% lower than in FY2019. A similar level is forecast in FY2021, including \$9.3M to be spent on innovation and efficiency projects.

As announced to ASX on 6 April, SCA will not pay a dividend for FY2020 and does not expect to do so in FY2021. SCA expects to resume payment of dividends in FY2022.

Southern Cross Austereo CEO, Grant Blackley, said:

"SCA continues to be Australia's largest audio group, owning and operating 98 FM, AM and DAB+ radio stations around Australia, together with PodcastOne Australia, Australia's premium commercial podcast network. Next week, we're excited to be launching SoundCloud Radio on DAB+ in Brisbane, Sydney, Melbourne, Adelaide and Perth. SoundCloud Radio, which will be available by live stream all around Australia, will attract a young, highly engaged and influential audience seeking access to new and emerging artists.

"Consumption of audio in Australia, including radio and podcasts, continues to grow. Audio has not only remained a popular companion for people working from home during the COVID-19 lockdowns but is also more accessible than ever through internet-enabled devices such as mobile phones, tablets, desktop computers and smart speakers. SCA's suite of radio stations, radio and original podcasts and smart news updates is available on all these devices.

"Television remains an important part of our business, delivering EBITDA of \$23.9M in FY2020. Under the streamlined operating structure of our Television unit, SCA leverages its core expertise in local and national sales where we maintained a market-leading power ratio – measuring conversion of ratings to revenue – of 1.09 in the four east coast aggregated markets.

"Strategic decisions taken in recent years will enable the business to emerge from the COVID-19 crisis with a lean and efficient operating model focused on recovering the earnings lost in the year just ended. We will continue to build the strength of our radio network by investing in key timeslots and markets. At the same time, we will grow our digital audio ecosystem with premium content, platforms and products attractive to our listeners and advertisers."

Approved for release by the Board.

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About Southern Cross Austereo

Southern Cross Austereo (SCA) is one of Australia's leading media companies reaching more than 95% of the Australian population through its radio, television and digital assets. Under the Triple M and Hit network brands, SCA owns 98 stations across FM, AM and DAB+ radio. SCA provides national sales representation for 23 other regional radio stations. SCA broadcasts 92 free to air TV signals across regional Australia, reaching 4.4 million people a week, with Nine Network programming and advertising representation across Australia's East Coast, Seven Network programming in Tasmania and Darwin, and Seven, Nine and Ten programming in Spencer Gulf. SCA operates Australia's leading premium podcasting network - PodcastOne Australia – and provides Australian sales representation for global open audio platform SoundCloud. SCA's premium brands are supported by social media, live events, video, online and mobile assets that deliver national and local entertainment and news content. <https://www.southerncrossaustereo.com.au/>