

**SCA grows underlying EBITDA 16.3% to \$46.5M**

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the six months ended 31 December 2021.

The following table shows comparisons to the prior corresponding period:

	H1 FY22	H1 FY21	Variance
Revenue	\$259.8M	\$259.2M	0.2%
Expenses	\$(213.3)	(\$183.9M)	(2.7%)
EBITDA ex JobKeeper/PING <sup>1</sup>	\$46.5M	\$40.0M	16.3%
JobKeeper/PING funding	\$1.7M	\$35.4M	(95.2%)
EBITDA	\$48.2M	\$75.3M	(36.0%)
NPAT	\$16.8M	\$32.5M	(48.3%)
Net debt	\$67.7M	\$66.4M	(1.9%)
Free cash conversion	49.8%	133.3%	-

Headline achievements for the period are outlined below. Unless stated otherwise, comparisons are to H1 FY21.

- EBITDA (excluding JobKeeper and PING) of \$46.5M was 16.3% higher.
- Audio revenue grew 11.5% to \$193.8M. This improvement was driven by a strengthening in broadcast radio markets coupled with accelerating growth in digital audio markets.
- Broadcast audio revenue grew by 10.3% to \$183.3M. Metro revenue grew by 13.8%, reflecting not only market growth but an improved commercial share for SCA's metro radio stations. Regional revenue lifted 4.9% as local markets continue to recover.
- SCA's digital audio revenue outpaced growth in the market increasing by 36.8% to \$10.5M, validating SCA's investment in the expanding digital audio market. LiSTNR has over 500,000 signed-up users since launch in February 2021, driven by premium content, a leading technology platform, and an engaging marketing proposition.
- Television EBITDA (excluding JobKeeper and PING) grew 27.3% to \$17.5M. The primary driver was SCA's market leading sales performance. SCA delivered a power ratio of 1.16 in Q2 FY22 in the three aggregated markets of regional Queensland, southern NSW and regional Victoria. SCA seamlessly transitioned its television affiliation to Network 10 from 1 July 2021.
- Group operating expenses of \$213.3M were down 2.6% or \$6.0M. Revenue-related expenses reduced from 30% to 25% of revenue, primarily as a result of the lower television affiliation fees payable to Network 10. Ongoing investment in scaling LiSTNR and the digital audio business saw non-revenue related expenses increase by 5.3% to \$148.6M.

<sup>1</sup> Public Interest News Gathering grant.

- Free cashflow conversion was lower than in recent periods due to tax and supplier payments from earlier periods that were deferred under favourable COVID-19 relief arrangements. The business continues to generate consistent cashflow to support on-going operations, targeted investment in core system improvements, and the scaling of LiSTNR.
- SCA's balance sheet remains strong, with net debt of \$68M and leverage of 0.7x EBITDA. The new four-year \$250M banking facility will support investment in SCA's digital audio strategy to grow audiences and revenue opportunities. Cash interest on net debt for the full year is forecast to be \$3.5M, being \$4.4M lower than in the prior year.
- SCA will pay a fully franked dividend of 4.5 cents per share on 7 April 2022.

### Management commentary and outlook

SCA CEO, Grant Blackley, said:

"SCA delivered underlying EBITDA of \$46.5M, which was 16.3% ahead of the corresponding half in FY21.

"Audio revenue rose 11.5% to \$193.8M. Pleasingly, this result was delivered on the back of stronger metro, regional and digital audio markets. SCA's metro audio revenue increased by 13.8%, regional audio revenue grew by 4.9%, and digital audio revenues improved by 36.8%.

"LiSTNR is at the core of SCA's business and has rapidly gained over 500,000 signed-up users in the last 12 months. The strong brand recognition and expanding premium library of content are generating a higher number and increasing weight of advertising briefs from marketers looking to connect with addressable audiences at scale.

"SCA's television assets performed strongly. With television advertising markets recovering more quickly than audio markets, our open and effective operating relationship with Network 10 delivered above-market returns for both parties. From 1 April, SCA will take over national sales representation for Network 10 programming in northern NSW and Tasmania which will simplify buying of Network 10 for national advertisers in regional Australia.

"The recovery in advertising markets continues to strengthen but is uneven, with Omicron related disruptions tempering the strong momentum from November and December. January Audio revenue rose 3%. SCA's Q3 Audio revenues are expected to finish with mid-single digit growth on the prior year, while television revenues are expected to deliver a result consistent with H1.

"Advertising markets in Q4 are expected to benefit from a normalising market, improving consumer and business demand and the upcoming Federal Election.

"SCA has a strong balance sheet with net debt of \$68M and leverage of 0.7X EDITDA. Our quality of earnings continues to drive strong cashflows to support investment in new and emerging products and income streams and increasing shareholder returns."

Approved for release by the Board of directors.

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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 99 stations across FM, AM, and DAB+ radio. SCA provides national sales representation for 23 regional radio stations. SCA broadcasts 94 free to air TV signals across regional Australia, reaching 2.8 million people a week, with Network 10 programming and advertising representation across Australia's East Coast, Seven Network programming in Tasmania and Darwin, and Seven, Nine and Network 10 programming in Spencer Gulf. SCA operates LiSTNR, Australia's free, personalised audio destination for consumers featuring radio, podcasts, music, and news. SCA also provides Australian sales representation for global open audio platform SoundCloud and Sonos Radio. SCA's premium brands are supported by social media, live events and digital platforms that deliver national and local entertainment and news content. <https://www.southerncrossaustereo.com.au/>