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H1 FY24 RESULTS

6 MONTHS TO
31 DECEMBER 2023

SCA



SCA

H1 FY24

OVERVIEW

JOHN KELLY

TRANSACTION UPDATE



Overview

- On 18 October 2023, SCA received an unsolicited non-binding indicative proposal from ARN Media (ARN) and Anchorage Capital Partners (ACP) (together, the Consortium) to acquire 100% of SCA via a scheme of arrangement (Proposed Transaction)

Funding considerations

- Consideration under the Proposed Transaction comprises 0.753 shares (Scrip Consideration) in a restructured ARN (ARN Newco) and 29.6 cents per fully diluted SCA share (Cash Consideration)
- Based on the proposed Scrip Consideration, SCA shareholders will own approximately 33% of ARN Newco following the Proposed Transaction

Transaction perimeter

- Pre-transaction, ARN's audio business is comprised of 57 radio stations¹, expanding to 98 post-transaction² (including Triple M and KIIS brands)
 - ACP is expected to acquire all existing SCA radio stations not being acquired by ARN Newco, plus 3 metro and 10 regional radio stations from ARN. Post-transaction, ACP will own a network of ~50 radio stations (including Hit and Gold brands)
 - ACP will also acquire SCA's existing television business
- The Consortium parties will form a digital audio joint venture, in which ARN Newco and ACP will each hold a 50% stake

Approvals

- The Proposed Transaction is subject to receipt of all necessary approvals including approval by SCA shareholders and the relevant regulatory bodies (including FIRB, ACMA and ACCC)

Status Update

- SCA remains in active discussions with the Consortium, including the ongoing completion of mutual due diligence, and is continuing to assess whether the indicative proposal is in the best interest of shareholders
- A binding agreement has not been reached between SCA and the Consortium and there is no certainty that these discussions will result in a binding transaction
- SCA's Board of Directors has, in conjunction with our advisers, requested sufficient information to accurately form a view on the value and executability of the Proposed Transaction

1. Includes 50/50 joint venture with Nova in KIIS 97.3 (Brisbane). Excludes joint venture with Nova in Nova 93.7 (Perth). Includes Canberra joint venture with SCA.

2. Regional network of 86 stations plus 100% ownership of 2 Canberra stations.

H1 FY24 RESULTS HIGHLIGHTS

Revenue

\$252.6m

EBITDA¹

\$31.1m

Costs¹

\$221.5m

Capex

\$11.7m

Net Debt

\$106.6m

Dividends

1.0cps

Fully Franked

Cost Out Program

\$30m

identified

\$20m

to be realised in FY24

Proforma EBITDA^{1,2}

\$49.9m

EBITDA (\$31.1m) + annualised Cost Out (\$10.2m) + Digital break even (\$8.6m)

BUILDING SHAREHOLDER VALUE



REVENUE

- Total audio revenues have remained flat in a challenging market
- SCA is the #1 Audio company in Australia by audience
- Monetisable audiences continue to grow
- Proudly National, Fiercely Local strategy delivers strength in SME advertising offsetting national advertiser weakness
- Digital revenue continues strong growth in difficult broader ad market conditions

COST & CAPEX

- Strategic Cost Review has identified ~\$30m of annualised cost savings from FY25, with ~\$20m being realised in FY24
- Completion of digitisation of the organisation in FY24 will see capex program reduce to ~\$15m in FY24 and then reduce to \$12m in FY25 and onwards

LiSTNR

- Major investment in platform technology complete, with enhanced LiSTNR app released this month and new advertising technology in place to capture increased premium
- Reaching EBITDA break-even run rate for LiSTNR in Q4 FY24 and cash flow breakeven in early 2025
- On track to deliver 2.0m signed-up users by 30 June 2024 and be well positioned to capitalise on digital audio market opportunity

CONTINUED MOMENTUM: SCA IS #1

#1

SCA

Metro Radio P10+, P25-54¹

#1

TRIPLE M

Metro Radio M25-54¹

#1

HIT h.

Metro Radio P10+, P25-54, W25-54¹

#1

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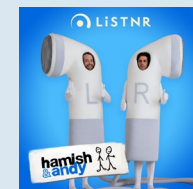
Regional Radio Network²

#1

LISTNR

Podcast Sales Network³

#1

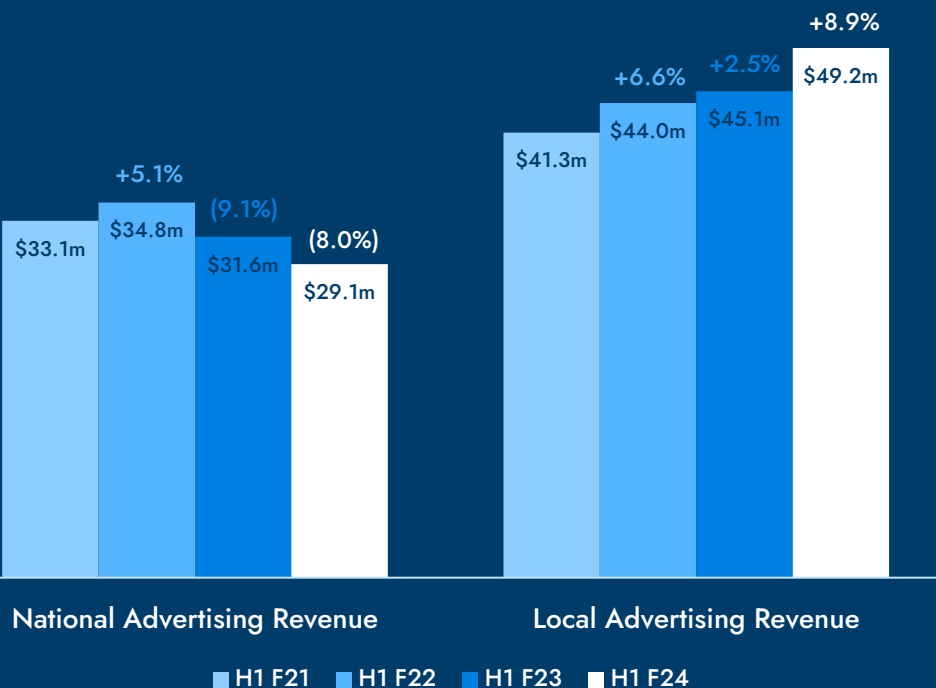


Podcast³

BUILDING SHAREHOLDER VALUE

PROUDLY NATIONAL, FIERCELY LOCAL

Regional Radio Revenues

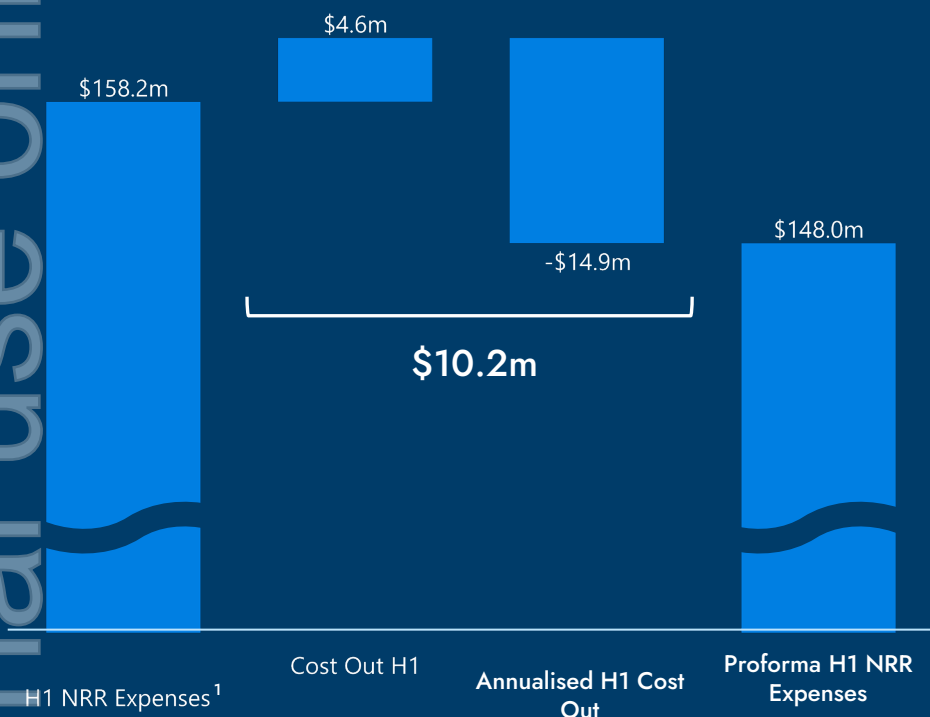


- SCA's distinctive strategy of embracing a Proudly National, Fiercely Local approach in regional markets has proven highly beneficial, with local SME advertisers showing resilience amid economic uncertainties and substantial government spending declines, while national advertisers face challenges
- Local advertising growth is widespread, but strongest in largest markets, with local advertiser average spends growing
- While the national advertising landscape may be navigating challenges, the expanding count of national advertisers positions SCA well to leverage opportunities when the broader advertising markets experience a rebound

BUILDING SHAREHOLDER VALUE

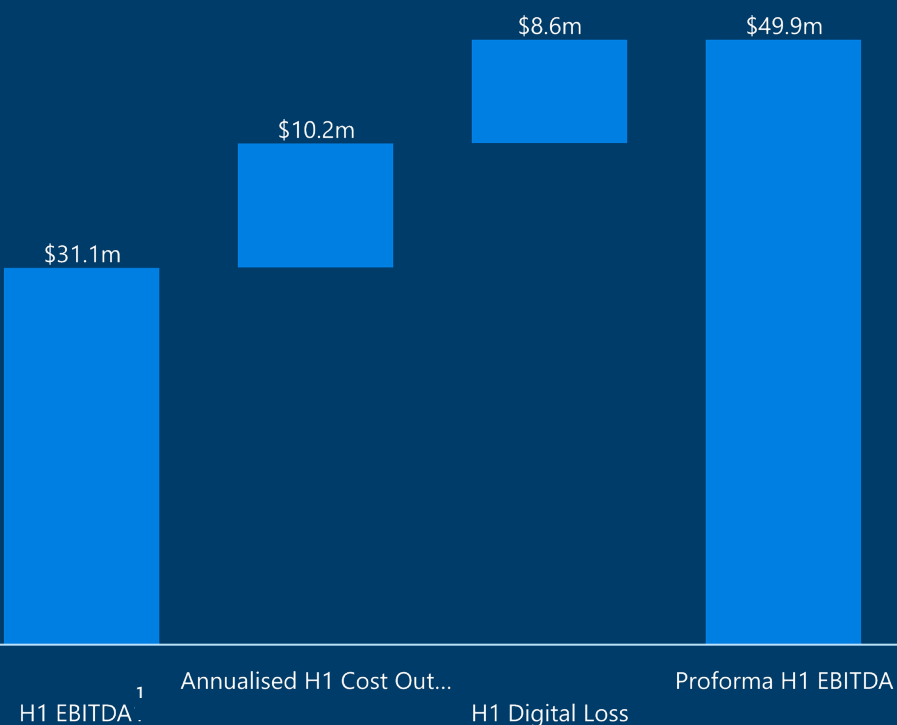
ACCELERATED COST MANAGEMENT

Proforma H1FY24 NRR Expenses



- The Cost Out program will deliver ~\$20m in annualised cost savings in FY24 (excluding implementation costs) – with \$4.6 million of those savings already realised in H1FY24
- FY25 will see an additional \$9 million in cost reductions bringing the total cost savings to ~\$30 million from FY25
- Proforma H1 FY24 Non-Revenue Related Expenses are projected at \$148.0 million, representing the full annualised impact of the Cost Out program

GROWING UNDERLYING EARNINGS

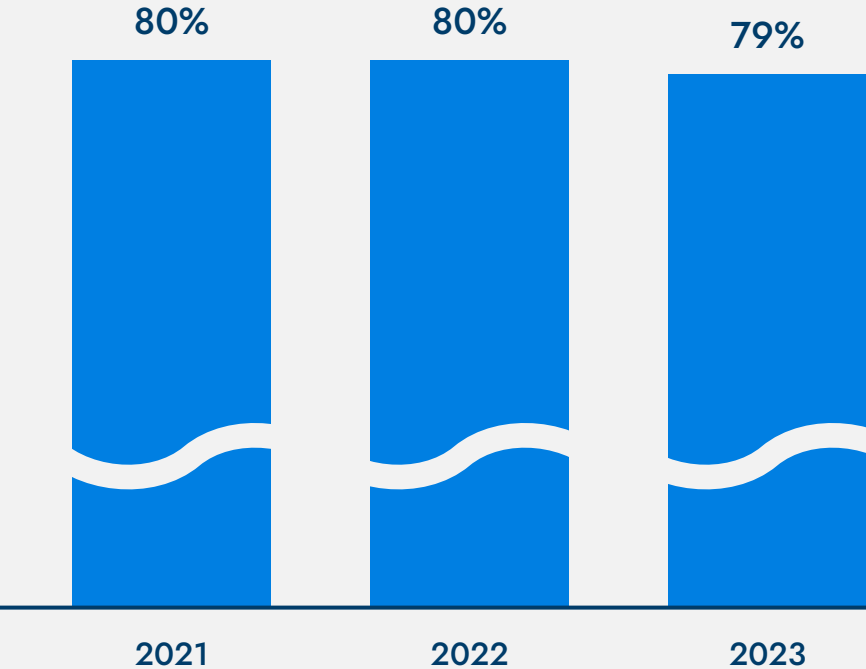


- Increase in Proforma EBITDA to \$49.9m, from reported EBITDA of \$31.1m for H1FY24
- The increase in proforma H1FY24 EBITDA is achieved by adjusting for:
 - Successful implementation of the cost-out program in H1FY24 that has a full half run rate of \$10.2m; and
 - H1FY24 Digital loss of \$8.6m, with LiSTNR now on track to achieve EBITDA breakeven run rate in Q4FY24
- These normalisation adjustments result in an increase of \$18.8m or 60%, in proforma EBITDA for H1FY24 to \$49.9m

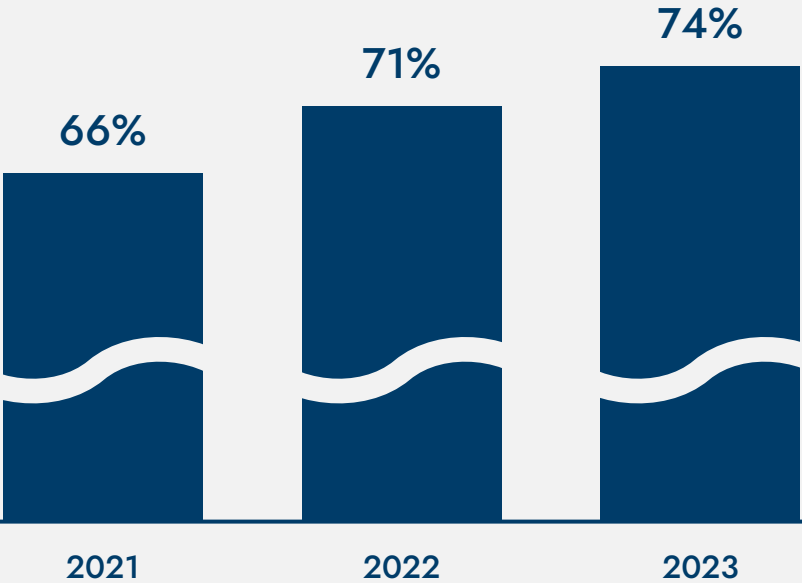
BUILDING SHAREHOLDER VALUE

BROADCAST STRONG; DIGITAL GROWING

Weekly Listening AM/FM/DAB+



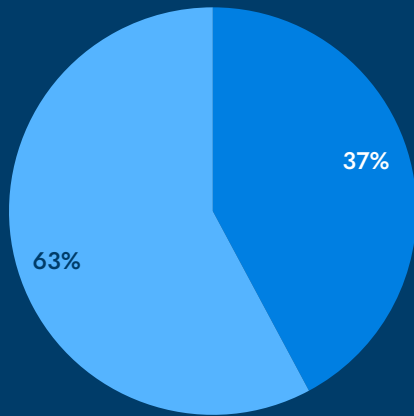
Weekly Listening Online Audio



Source: The Infinite Dial Australia 2023 Study, Edison Research. Total Australian Population 12+. % listened to AM/FM/DAB+ in past week; % listened to Online Audio (Listening To AM/FM/DAB+ Radio Stations Online And/Or Listening To Audio Content Available Only on the Internet Including Podcasts and Streaming Services).

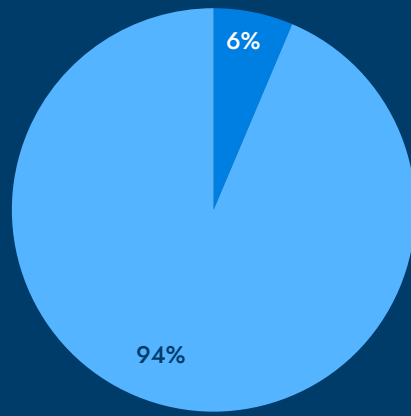
DIGITAL AUDIO MARKET CONTINUES TO GROW

Daily Time Spent
on Media²



■ Audio ■ Others

Ad Revenue Share³



■ Audio ■ Others

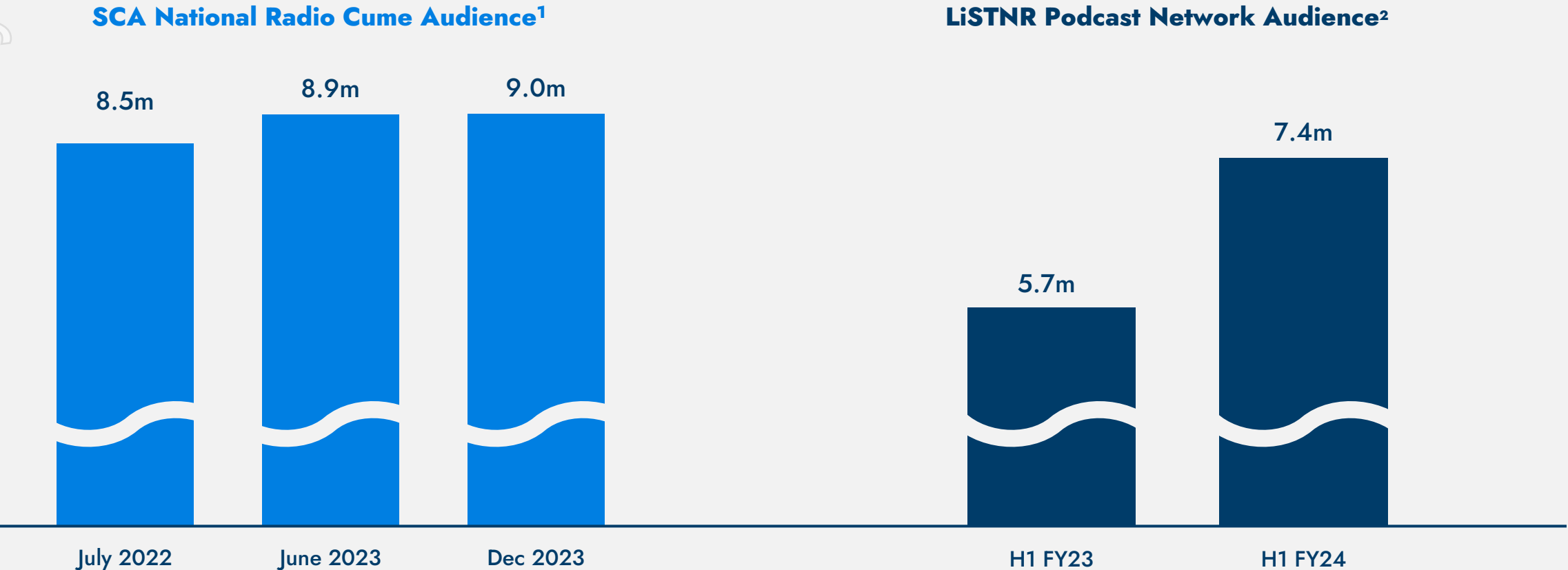
- Audio consumption holds a 37% share of audience time spent on daily media, however advertisers currently allocate only 6% of their spend to audio
- Despite audio's audience prominence, there is substantial room for accelerating and expanding revenue streams with projected revenues set to grow at a 3.7% CAGR, reaching \$1.22 billion by 2026¹
- Digital audio is a major driver, with Radio streaming revenues in Australia expected to grow at a 30%+ CAGR, and podcasts showing a solid growth of 15%+ CAGR¹
- Local audio stands to benefit from the evolving landscape and increased opportunities as the industry addresses historical issues of addressability in radio/audio

INCREASING MONETISABLE AUDIENCE



SCA National Radio Cume Audience¹

LiSTNR Podcast Network Audience²



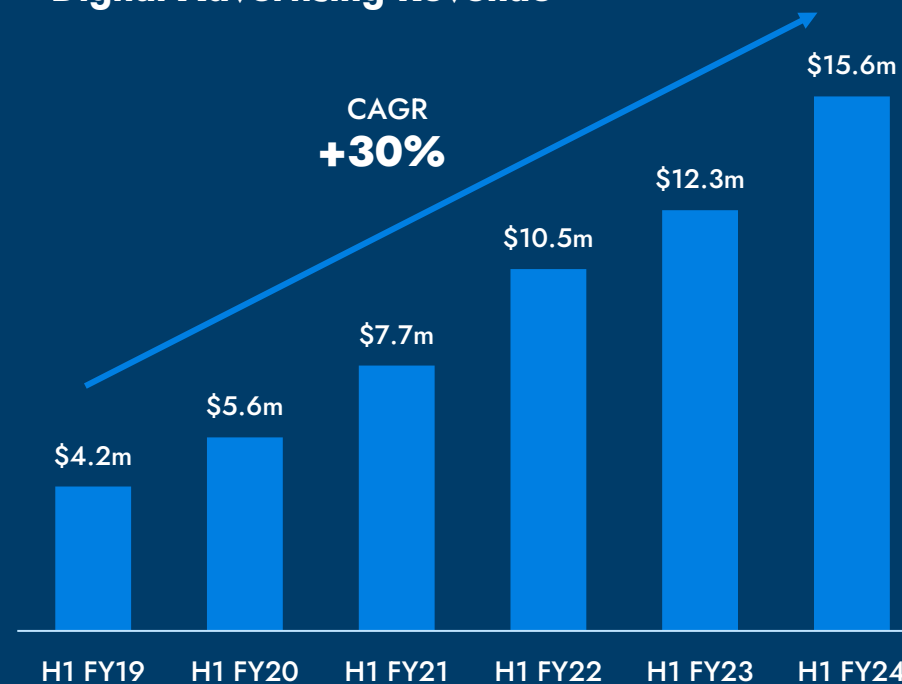
¹ Gfk Radio Ratings. Survey 5 2022, Survey 5 2023, Survey 8 2023 + Relevant Regional Surveys. All People 10+. Mon-Sun 0530-2400
² As independently measured in the Triton Australian Podcast Ranker, Top Sales Representatives July to December 2022/2023 Average Monthly Listeners.
This figure increases to over 8m when live streaming is included

BUILDING SHAREHOLDER VALUE

DIGITAL REVENUE GROWTH

- The momentum of Digital Advertising shows a strong and consistent growth trajectory of 30% CAGR since FY19
- Stream starts have increased 17% and listening hours 7% on pcp¹
- All revenue streams are experiencing solid growth, with InStream revenues particularly standing out, increasing by over 50% during H1 FY24, showcasing the strength of SCA's large customer base across national and regional advertising markets
- Podcast partnerships continue to deliver, with net revenue doubling in the half
- New LiSTNR AdTech will drive future premium commercialisation of digital audio
- Digital revenues are accelerating to ~50% in Q3 and showing expansion into the potential of the broader digital advertising market

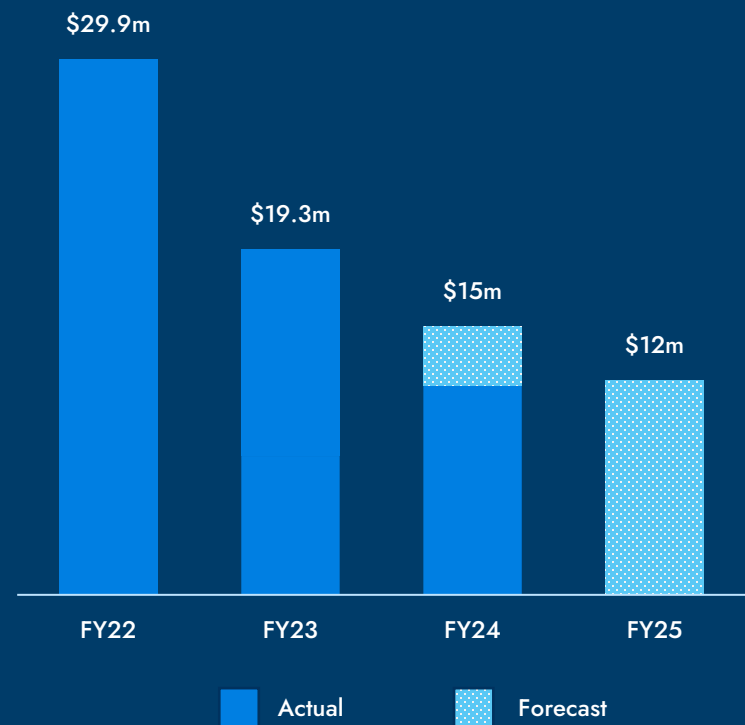
Digital Advertising Revenue



DIGITAL FOUNDATION COMPLETE – CAPEX TO DECLINE

- SCA's investments in the digital platform are complete, with capex now declining – facilitating centralisation and opex savings
- Capital expenditure for H1 FY24 rose by \$3.9m vs H1 FY23 due to investment in LiSTNR to accelerate capability underpinning EBITDA breakeven
- H2 FY24 capex is projected to decrease substantially compared to H2 FY23
- The full-year capex for FY24 is forecast to be ~\$15m, representing a reduction of ~22% vs FY23 and is forecast to decline further to ~\$12m in FY25
- Capex to be below depreciation in FY24 and FY25

Capital Expenditure

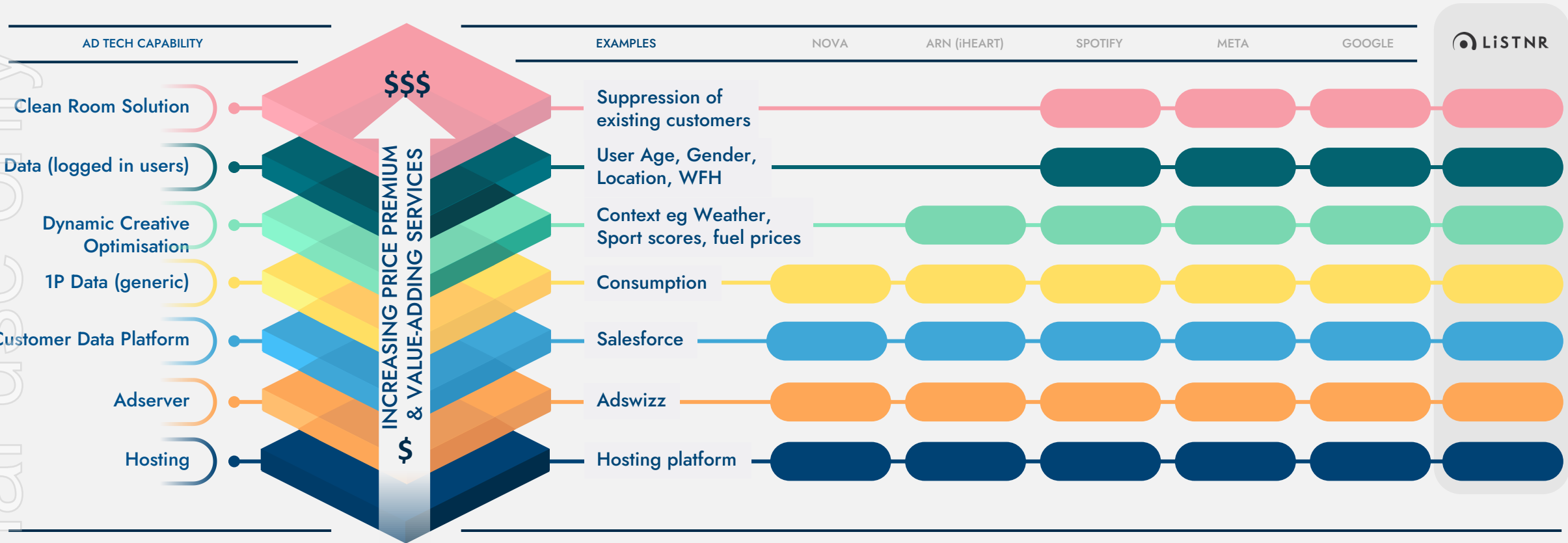


LiSTNR UPGRADE IMPROVES UX & MONETISATION



- SCA has completed the major investment in LiSTNR with the release of the most significant upgrade to the platform since launch solidifying
- Key user improvements solidify LiSTNR's position as a leading content destination including:
 - streamlined and optimised navigation
 - enhanced personalisation features
 - simplified search functionality
 - upgraded library features
- These enhancements create a more seamless, enjoyable user interaction increasing both frequency and time spent on the platform
- Commercially, the ability to monetise these audiences is also significantly upgraded with full integration into the Customer Data Platform (CDP) and analytics engines facilitating greater targeting of audiences and capturing associated premiums

LiSTNR AD TECH PROVIDES ACCESS TO FURTHER PREMIUM



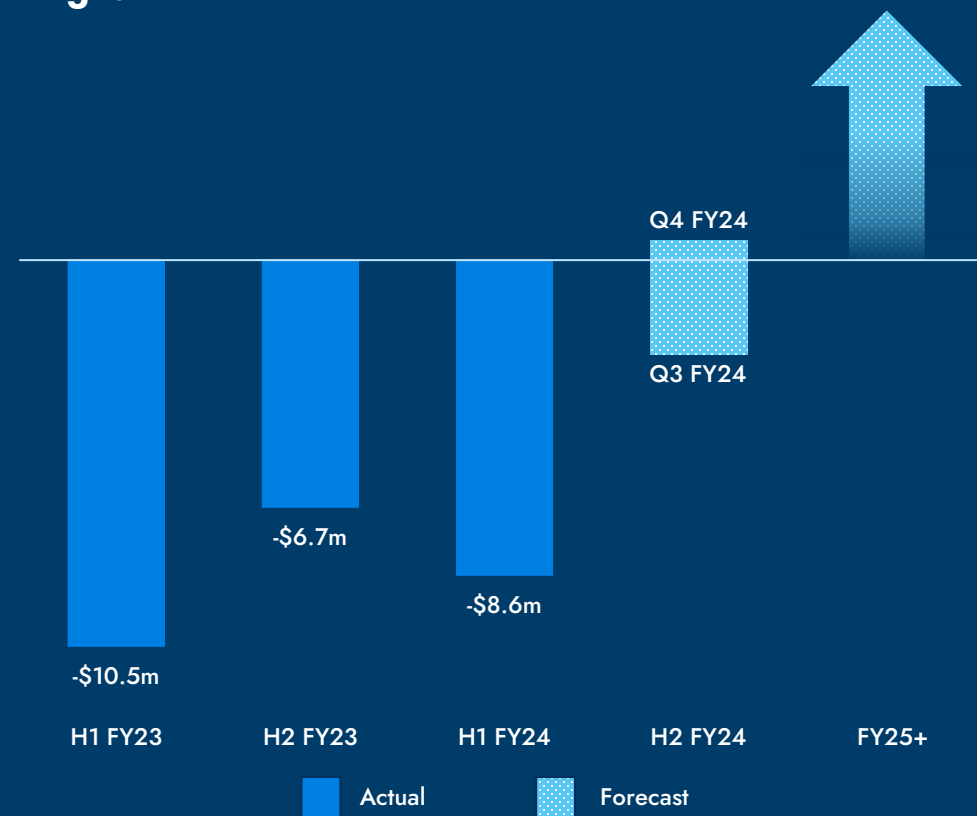
- The attribution and addressability provided by digital doubles the CPM compared to Broadcast
- Progression from the base level to the upper level of these capabilities offered by LiSTNR increases CPM rates by a further 35-50%
- Additionally, the upper layers increase advertiser retention and provide options for service revenues

BUILDING SHAREHOLDER VALUE

LiSTNR TO BREAKEVEN IN Q4FY24

- Major digital investments are complete, improving both experience and commercial opportunity
- Together with strong cost reduction and substantially lowered capital investment, LiSTNR remains on track to reach EBITDA breakeven run rate in Q4 FY24
- Cash flow breakeven expected in the course of FY25
- Digital revenues will continue to grow strongly

Digital EBITDA



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H1 FY24

FINANCIAL RESULTS

TIM YOUNG





GROUP RESULTS

- Group revenues declined by 2.9% compared to the prior corresponding period (pcp), although there was a noteworthy Digital growth of 27.0%, which partially mitigated declines in Broadcast Radio (2.2%) and TV (11.1%)
- Total expense growth limited to 2.5% with strong cost reduction.
- Depreciation and Amortisation increased by 4.9%, attributed to accelerated depreciation of LiSTNR development investments, offsetting lower overall capital expenditure
- The resulting EBITDA of \$31.1m represents a \$13.0m decrease from H1 FY23¹
- NPAT is reported at \$4.4m, a \$10.9m decline compared to H1 FY23¹

	\$ millions	H1 FY24 ¹	H1 FY23 ^{1,2}	Var \$	Var %
Revenue		252.6	260.1	(7.6)	(2.9%)
Revenue Related Expenses		62.0	63.3	(1.3)	(2.1%)
Non-Revenue Related Expenses		159.5	152.7	6.8	4.5%
Total Expenses		221.5	216.0	5.5	2.5%
EBITDA		31.1	44.1	(13.0)	(29.5%)
Depreciation & Amortisation		15.1	14.4	0.7	4.9%
EBIT		15.9	29.7	(13.7)	(46.3%)
Net Finance Costs		9.5	7.8	1.7	22.0%
PBT		6.4	21.9	(15.4)	(70.5%)
Tax		2.0	6.5	(4.5)	(69.4%)
NPAT		4.4	15.4	(10.9)	(71.1%)

¹ Excludes significant and other non recurring items. See appendix for details and reconciliation to reported NPAT.

² Includes adjustment to comparatives. See appendix for details and reconciliation to H1 FY23 Investor Presentation.



BROADCAST RADIO

- Overall radio revenue saw a decline of \$4.1m, representing a 2.2% decrease:
 - Metro Radio declined 6.4%, or \$6.2m amidst an industry-wide downturn, with market revenues down 1% in Q1 and 6% in Q2. With new sales leadership SCA is well positioned to capitalise on the opportunity to regain share in Metro Radio
 - Regional Radio showed resilience, growing by 2.0% or \$1.6m due to resilient performance from local advertisers, offsetting declines from national advertisers
- Despite prevailing inflationary pressures, careful management and cost out limited total expense growth to 3.5%
- EBITDA is reported at \$42.8m down \$9.0m or 17.4%, at a margin of 23.3%

	\$ millions	H1 FY24 ¹	H1 FY23 ^{1,2}	Var \$	Var %
Revenue		184.0	188.1	(4.1)	(2.2%)
Revenue Related Expenses		34.2	33.6	0.6	1.8%
Non-Revenue Related Expenses		107.0	102.7	4.3	4.2%
Total Expenses		141.2	136.4	4.8	3.5%
EBITDA		42.8	51.7	(9.0)	(17.4%)

¹ Excludes significant and other non recurring items. See appendix for details and reconciliation to reported NPAT.

² Includes adjustment to comparatives. See appendix for details and reconciliation to H1 FY23 Investor Presentation.

SCA DIGITAL

- LiSTNR revenue has increased by 27.0% to \$15.6m, with healthy growth in both InStream and Podcast revenue lines
- Total expenses grew by 6.1%, primarily influenced by a \$0.6m increase in revenue related costs, a consequence of higher revenues achieved during the period
- Non-revenue related costs saw a moderate increase of \$0.7m or 3.7%. This included strategic investments in revenue-driving technology, notably following implementation of LiSTNR Customer Data Platform, which effectively offset declines in other cost areas
- LiSTNR EBITDA loss narrowed to \$8.6m for the half. This represents an 18.4% improvement, aligning with our strategic focus on breakeven in Q4 FY24

	\$ millions	H1 FY24 ¹	H1 FY23 ^{1,2}	Var \$	Var %
Revenue		15.6	12.3	3.3	27.0%
Revenue Related Expenses		3.6	2.9	0.6	21.7%
Non-Revenue Related Expenses		20.6	19.8	0.7	3.7%
Total Expenses		24.1	22.8	1.3	6.1%
EBITDA		(8.6)	(10.5)	1.9	18.4%

¹ Excludes significant and other non recurring items. See appendix for details and reconciliation to reported NPAT.

² Includes adjustment to comparatives. See appendix for details and reconciliation to H1 FY23 Investor Presentation.



TELEVISION

- Television revenues saw a contraction of 11.1%, with National revenues the main driver contracting 14.7%, and Local revenues down 9.8%
- Total expenses were down \$2.2m or 4.8%, with Non-Revenue Related expenses up \$0.5m or 2.6% in a highly inflationary environment
- EBITDA reduced by \$4.4m to \$9.8m
- EBITDA Margin fell from 23.9% in H1 FY23 to 18.5% in H1 FY24. Margin is expected to increase in H2 due to renegotiated affiliation arrangements

	\$ millions	H1 FY24 ¹	H1 FY23 ¹	Var \$	Var %
Revenue		53.0	59.6	(6.6)	(11.1%)
Revenue Related Expenses		24.1	26.7	(2.6)	(9.9%)
Non-Revenue Related Expenses		19.1	18.6	0.5	2.6%
Total Expenses		43.2	45.3	(2.2)	(4.8%)
EBITDA		9.8	14.3	(4.4)	(31.2%)

¹ Excludes significant and other non recurring items. See appendix for details and reconciliation to reported NPAT.



CASHFLOW

- Operating Cash Conversion was stable, holding at 70.4% (H1 FY23: 70.3%)
- Net capex increased \$1.7m, driven by elevated investment in LiSTNR. This comprised \$10.3 million in capex, partially offset by \$4 million in proceeds from non-core asset sales
- Tax payments reduced as a consequence of lower profits and refund from FY23
- Free Cash Conversion steady at 76.4% (H1 FY23: 77.7%)
- Net Debt of \$106.6m was broadly in line with 30 June 2023 (\$105.0m)
- Leverage ratio @ 1.87 times remains well within covenant tolerances and is forecast to be substantially lower at year end in line with improved earnings

\$ millions	H1 FY24	H1 FY23	Var \$
Net Debt Start of Period	(105.0)	(78.5)	(26.5)
Net Cash from Operations	20.5	30.3	(9.9)
Principal lease payments	(3.6)	(3.4)	(0.2)
Capex net of sales proceeds	(6.3)	(4.6)	(1.7)
Free cash flow	10.6	22.3	(11.7)
Net Financing Costs	(6.7)	(4.7)	(2.0)
Tax Payments	(0.1)	(10.3)	10.2
Cash flow available to shareholders	3.8	7.3	(3.5)
Dividends to security holders	(5.3)	(12.3)	7.0
Share Buy Back	0.0	(18.9)	18.9
Net Debt End of Period	(106.6)	(102.5)	(4.1)
Reported EBITDA	29.1	43.2	(14.1)
Operating Cash Conversion	70.4%	70.3%	
Reported EBIT	13.9	28.7	(14.8)
Free Cash Conversion	76.4%	77.7%	
Reported NPAT	3.1	14.7	(11.6)

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FY24

TRADING OUTLOOK

JOHN KELLY



FY24 OUTLOOK

Ad markets remain challenging with **Broadcast radio revenues tracking ahead of the market**

SCA is dedicated to translating **audience growth** into **market share** and **shareholder returns**

Digital audio Q3 revenue pacing at **~50% growth**

LiSTNR remains on target to achieve **EBITDA break-even** in **Q4 FY24**

LiSTNR will progress to **Cash flow break-even** in early 2025

FY24 Cost Out to deliver **~\$20m** in savings, increasing to **~\$30m annually from FY25**

Continuous optimisation efforts **aim** for **further cost reduction in FY25 and beyond**

Non Revenue-Related costs for FY24 will not exceed **\$310m¹**, a 2.5% nominal increase on FY23

Capex forecast at **\$15m in FY24**, decreasing further to **\$12m in FY25**

Capex will be **below depreciation in FY24 and FY25**

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DISCLAIMER

SUMMARY INFORMATION

The material in this presentation has been prepared by Southern Cross Media Group Limited ABN 91 116 024 536 (SCA) and contains summary information about SCA's activities current as at 29 February 2024. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with SCA's other periodic and continuous disclosure announcements which are available at www.southerncrossaustereo.com.au

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APPENDIX



APPENDIX RECONCILIATIONS

RECONCILIATION TO REPORTED NPAT

	H1 FY24 Reported	H1 FY24 NRIs	H1 FY24 Underlying	H1 FY23 Reported	H1 FY23 NRIs	H1 FY23 Underlying
EBITDA	29.1	2.0	31.1	43.2	0.9	44.1
Depreciation & Amortisation	15.1	0.0	15.1	14.4	0.0	14.4
EBIT	13.9	2.0	15.9	28.7	0.9	29.7
Net Finance Costs	9.5	0.0	9.5	7.8	0.0	7.8
PBT	4.4	2.0	6.4	20.9	0.9	21.9
Tax	1.4	0.6	2.0	6.3	0.3	6.5
NPAT	3.1	1.4	4.4	14.7	0.7	15.4

SIGNIFICANT AND NON-RECURRING ITEMS

	Consolidated		Broadcast Radio		Digital Audio		Television		Corporate	
NRIs	H1 FY24	H1 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23
Restructuring Costs	1.5	0.9	1.2	0.7	0.1	0.1	0.1	0.0	0.1	0.1
NBIO Costs	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Total NRIs	2.0	0.9	1.2	0.7	0.1	0.1	0.1	0.0	0.7	0.1

APPENDIX RECONCILIATIONS

RECONCILIATION TO H1 FY23 INVESTOR PRESENTATION

\$ millions	Broadcast Audio			Digital			Television		
	Presented	NRIs & Adjustment	Adjusted	Presented	NRIs & Adjustment	Adjusted	Presented	NRIs & Adjustment	Adjusted
Revenue	188.2	-0.0	188.1	12.2	0.0	12.3	59.6	0.0	59.6
Revenue Related Expenses	33.7	-0.0	33.7	3.0	-0.1	2.9	26.7	0.0	26.7
Non-Revenue Related Expenses	106.3	-3.5	102.7	16.8	3.1	19.8	18.6	0.0	18.6
Total Expenses	140.0	-3.6	136.4	19.8	3.0	22.8	45.3	0.0	45.3
EBITDA	48.2	3.5	51.7	-7.6	-2.9	-10.5	14.2	0.0	14.3

Adjustments have been made to prior period presented figures to improve comparability between periods, including:

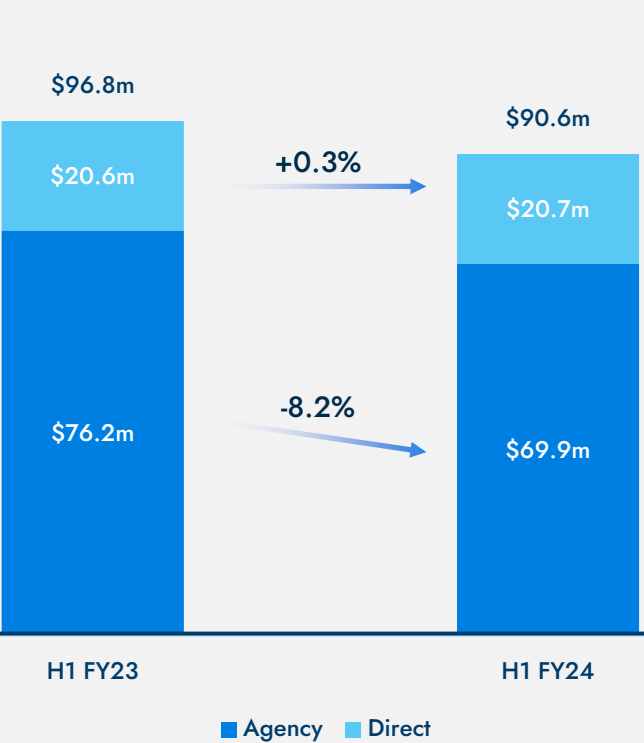
- ~\$0.9m of NRI adjustments reflecting restructuring costs in H1 FY23.
- ~\$3m of content production cost transferred from Broadcast Audio into Digital Audio.

\$ millions	Corporate			Consolidated		
	Presented	NRIs & Adjustment	Adjusted	Presented	NRIs & Adjustment	Adjusted
Revenue	0.1	0.0	0.1	260.1	0.0	260.1
Revenue Related Expenses	0.1	0.0	0.1	63.5	-0.1	63.4
Non-Revenue Related Expenses	11.8	-0.3	11.5	153.5	-0.7	152.7
Total Expenses	11.8	-0.3	11.6	217.0	-0.8	216.1
EBITDA	-11.7	0.3	-11.4	43.1	0.9	44.0

APPENDIX

BROADCAST RADIO REVENUE

METRO Radio Advertising Revenue



REGIONAL Radio Advertising Revenue

