Southern Cross Media Group Limited
ABN 91 116 024 536

Level 2, 257 Clarendon Street
SOUTH MELBOURNE VIC 3205
AUSTRALIA

Telephone +61 3 9252 1019
Fax +61 3 9252 1270
Internet www.southerncrossaustereo.com.au

30 May 2014

ASX RELEASE

Southern Cross Austereo provides earnings guidance for the year ending 30 June 2014

Southern Cross Austereo ("SCA") (ASX: SXL) provides the following earnings guidance and trading update for the year ending 30 June 2014.

At the 31 December 2013 Half Year Results Presentation, SCA provided earnings guidance for FY2014, being materially in line with the previous year underlying Net Profit After Tax ("NPAT"). After considering current trading results, and subject to the company's normal year end procedures and audit, the company now expects the full year statutory NPAT will be materially in line with the previous year statutory NPAT of $96.1m, and that full year underlying NPAT will be around 10% under the previous year underlying NPAT of $89m (which excludes the divested Sunshine Coast business).

The revised outlook takes into account additional share loss predominantly as a result of the challenging Channel 10 television product and metropolitan radio ratings which has led to lower revenue performance, combined with a softer advertising market and increased investment in marketing and promotional activities across the metropolitan radio network.

Trading Update

Television ratings for the Channel 10 product, consisting of around 70% of SCA's television revenues, have failed to improve since the Big Bash League and Sochi Winter Olympics, with year to date revenue share flat on the prior year including these events.

The strategy of the metropolitan radio group has been to diversify risk and have two compelling radio propositions in each market. Year to date, metropolitan radio revenues are flat on last year and we expect them to finish slightly down on last year, with declines in the Today network being partially offset by gains on the Triple M network. We expect some further slippage in overall share resulting from the regeneration of the Today network over the remainder of the calendar year, but we expect some recovery in share in H2 FY2015.

Cost control is a significant strength of the group, with cost initiatives aimed at business process re-engineering and elimination of non-value add activities. SCA implemented a number of cost initiatives in H1 FY2014 that will deliver $6m in annualised savings. The cost savings realised in H2 FY2014 have been offset by contracted increases in supply costs for television content, and re-invested in additional marketing and advertising spend for new shows in metropolitan markets. By making permanent cost savings and redeploying funds into temporary expenses, this gives the business more flexibility in its cost base in the future.

SOUTHERN CROSS AUSTEREO

Capital Management

Refinancing of the debt facility in January 2014 has yielded significant benefits for the group, including securing financing for 5 years with no mandatory repayments, and improved financing costs (margin and upfronts) by around $8m per annum compared to the previous facility. The write off of unamortised borrowing costs in relation to the previous facility will result in an additional one off expense of $5.6m in H2 FY2014, which will impact statutory NPAT but not underlying NPAT.

SCA continues to generate good cash flow, which supports the current gearing level. The borrowing group is comfortably below the leverage ratio covenant of 3.5, and maintains the objective of moving to a leverage ratio of around 2.5 as soon as practical. SCA is considering a number of initiatives, including identifying surplus assets to realise their value and adjusting the Dividend Reinvestment Plan, to assist in progressively moving towards this gearing objective.

Outlook

SCA is now pursuing a number of strategic operational initiatives after having achieved during this financial year the debt refinancing, resolution of the ATO dispute, and new program supply agreements.

SCA Chief Executive Officer Rhys Holleran said “SCA is driving an exciting period of talent led regeneration with our Today brand, whilst our Triple M network continues to outperform with growth over last year. Our focus remains on building our brands whilst controlling our costs.”

For further information, please contact:

Rhys Holleran
Chief Executive Officer
Tel: 03 9922 2001