



ASX RELEASE

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Accelerated cost management and LiSTNR earnings momentum to drive gains in H2 FY24

Southern Cross Media Group Limited (ASX: SXL) (SCA) today announced its financial results for the six months ended 31 December 2023.

- SCA's strategic cost management review has delivered \$30 million in annualised savings, well above previous guidance of \$15 million. The full benefit of these savings will be realised in FY25, with \$20 million to be realised during FY24, mostly in the second half. Non-revenue related costs for FY24 will be less than \$310 million.
- SCA's LiSTNR digital audio ecosystem remains on target to reach a breakeven EBITDA run rate in Q4 FY24 and to contribute positively to EBITDA in FY25. With reduced capex requirements, LiSTNR is also forecast to become cashflow positive in early 2025.
- Adjusting to recognise the above cost savings and remove the H1 FY24 digital loss of \$8.6 million, SCA would have delivered proforma EBITDA of \$49.9 million in H1 FY24.
- Mutual due diligence and active discussions continue with ARN Media and Anchorage Capital Partners (**Consortium**) to determine whether the Consortium's non-binding indicative proposal is in the interests of shareholders. SCA and the Consortium have not reached any binding agreement and there is no certainty these discussions will result in a transaction. In conjunction with its advisers, SCA's Board has requested sufficient information to accurately form a view on the value and executability of the proposal.

Results overview

The following table summarises SCA's results for the six months ended 31 December 2023 including comparisons to the prior comparable period¹.

	H1 FY24	Comparison to H1 FY23	
		H1 FY23	Variance
Revenue	\$252.6M	\$260.1M	(2.9%)
Expenses	\$221.5M	(\$216.0M)	2.5%
EBITDA	\$31.1M	\$44.1M	(29.5%)
Reported EBITDA	\$29.1M	\$43.1M	(32.5%)
NPAT	\$4.4M	\$15.4M	(71.1%)
Digital EBITDA	(\$8.6M)	(\$10.5M)	18.4%
Net debt	\$106.6M	\$102.5M	4.1%
Free cash conversion	76.4%	77.7%	(1.3bps)
Full year dividends (cps)	1.00 cps	4.60 cps	(3.60 cps)

¹ Apart from reported EBITDA, these results exclude non-recurring items such as restructuring costs in both periods and costs associated with the non-binding indicative proposal received from ARN Media and Anchorage Capital Partners on 18 October 2023.

Headline observations for the first half are outlined below. Unless stated otherwise, comparisons are to H1 FY23.

- Audio revenue of \$199.6 million was flat on H1 FY23. Growth of 2.0% in Regional Radio and 27% in Digital Audio offset a decline of 2.2% in Metro Radio.
- SCA's Triple M and Hit networks finished 2023 with the largest Metro audiences in their respective target demographics of Men 25-54 and Women 25-54, while SCA's Regional Radio network is Australia's largest. Nine million Australians tuned into our radio stations in 2023.
- With a monetisable audience of over 8 million monthly listeners, a 17% increase in stream starts and 7% growth in listening hours, LiSTNR has strong revenue momentum (30% CAGR), and remains on target to reach an EBITDA breakeven run rate during Q4 FY24 and to contribute positively to EBITDA in FY25.
- SCA has completed its major digitisation investment cycle. Full year capex in FY24 is forecast to be ~\$15 million, a 22% reduction on FY23.

Outlook

- Ad markets remain challenging, though SCA broadcast radio revenues are tracking ahead of the market.
- Digital audio revenue for Q3 is pacing at ~50% growth. Coupled with strong cost reduction, this means LiSTNR remains on target to reach a breakeven EBITDA run rate during the fourth quarter of FY24 and contribute positively to EBITDA from FY25.
- Capex will reduce further from \$15 million in FY24 to \$12 million in FY25.
- SCA's strategic cost management review will deliver ~\$20 million in savings in FY24, resulting in non-revenue-related costs for FY24 being below \$310 million (excluding non-recurring items). In FY 25, these permanent savings will increase to ~\$30 million annually.

Management commentary

SCA CEO, John Kelly, said:

"SCA maintained and expanded monetisable audiences to record levels in our core radio and digital audio markets during the period. Importantly, our national leadership in the core buying demographics of men and women aged 25 to 54 provides our sales teams with a platform for growth in the second half and beyond.

"The impact of lower industry-wide national advertising expenditure was mitigated by the geographic diversity of SCA's radio portfolio comprising 10 stations in Metro markets and 78 in Regional markets. Fuelled by robust performance from local advertisers, Regional Radio revenues grew by 2.0%.

"We were pleased that the number of users signed up to LiSTNR rose 60% year-on-year to 1.8 million. We have recently rolled out major enhancements to improve the user experience on LiSTNR and expect ongoing growth in the number of signed-up users and in the time they spend on LiSTNR.

“LiSTNR’s monetisable podcast audience network of around 7.4 million monthly listeners is the largest in the Australian Podcast Ranker. Together with strong growth in our streaming audiences, this continues to drive consideration by media buyers and programmatic advertisers. Digital audio revenue of \$15.6 million was an impressive 27% higher than in the prior corresponding period. Coupled with active cost reduction and increased listening hours, this positive revenue momentum means LiSTNR is on target to reach a breakeven EBITDA run rate during the fourth quarter of FY24 and to contribute positively to EBITDA from FY25.

“Our strategic cost management review has delivered significant cash savings, setting us up for improved results in the second half of this year and future years. And completion of our major digitisation investment cycle is enabling teams across all parts of our network to generate further savings and open revenue opportunities by optimising business operations and workflows.

“Regional television revenues continued to contract. We were pleased, however, to extend our affiliation with our principal programming partner, Network 10. The growing collaboration between our national sales teams in recent months has seen our power ratio – measuring conversion of ratings to revenue – return to above 100% in the four east coast aggregated markets.

“SCA teams around the country remain focused, committed, and passionate about our strategy, operating momentum, and outlook.”

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 and the home of LiSTNR, the Hit and Triple M networks and regional television stations, reaching more than 95% of the Australian population. The LiSTNR digital audio app hosts a library of free and compelling digital audio content available anytime, anywhere. It houses SCA’s 99 FM, AM, and DAB+ radio stations, including AFL, NRL and international cricket coverage, 27 music genre stations, and over 800 podcasts from leading Australian and global creators, plus local news and information. With more than one million signed-in users, LiSTNR has something to entertain, inform, and inspire all Australians and helps advertisers to connect with highly engaged and addressable audiences. The LiSTNR digital audio sales network reaches an estimated 8 million people each month. SCA owns 99 radio stations across FM, AM, and DAB+ under the Triple M and Hit network brands and provides national sales representation for 56 regional radio stations, with 6.131 million listeners across the Hit and Triple M networks. SCA broadcasts 96 free to air TV signals across regional Australia and represents or has a joint venture with 39 TV stations, reaching 3.6 million people a week. SCA broadcasts Network 10 programs in regional Queensland, southern NSW, and Victoria and provides national advertising sales representation for Network 10 programming in all Australian states and territories. SCA also broadcasts and provides sales representation for Seven Network programming in Tasmania, Darwin, and Remote Central and Eastern Australia and for Seven and Nine Network programming in Spencer Gulf and Broken Hill. SCA also features Sky News Regional in regional Queensland, southern NSW, and Victoria and sales representation in northern NSW, Griffith, and Mount Gambier. SCA provides Australian sales representation for global open audio platform SoundCloud and Sonos Radio. www.southerncrossaustereo.com.au.

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