



2018 ANNUAL GENERAL MEETING THURSDAY, 8 NOVEMBER 2018

Chairman's Address

By Russell Tate

Good morning ladies and gentlemen.

My name is Russell Tate. I am Chairman of Macquarie Media Limited, and it is my pleasure to declare open our 2018 AGM and to welcome you on behalf of my fellow board members, all of whom are present today:

Monique Anderson (Non-exec)

Louise McCann (Non-Exec and Chair of Rem/Nom Comm)

James Millar AM (Non – Exec and Chair of Audit/Risk)

Greg Hywood (Non-Exec)

Before we get to the formal part of proceedings, I would like to quickly cover highlights of the Company's 2018 financial results, touch on a couple of issues, and I will then ask our CEO, Adam Lang, to give you an update as to how we have started the current year and the priorities he is setting for his management team.

Our financial performance in 2018 delivered a third consecutive year of strong earnings growth. Underlying EBITDA increased by 10% over prior year and underlying net profit after tax by 24% over prior year.

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And whilst we've enjoyed strong and consistent growth over the last 3 years, there was a significant difference in the key driver of our FY18 earnings growth as compared to the prior 2 years, where most of our earnings growth had been driven by the cost synergies realised following the merger of the Fairfax Radio and Macquarie Radio networks in 2015.

In fact, our FY18 growth was driven entirely by revenue increases from our news-talk network of stations, 2GB in Sydney, 3AW in Melbourne, 4BC in Brisbane, and 6PR in Perth. The continued ratings performance of these stations together with a mighty effort from our national sales teams saw their revenues increase by 9% over prior year compared to national metropolitan radio market growth of just under 4%. These stations continue to contribute more than 80% of our total revenues.



Our other radio stations have a pretty tough time of it. These AM stations (954 in Sydney- previously 2UE, 1278 in Melbourne and 882 in Brisbane) all compete on the AM band in their respective cities against our news-talk stations, and in recent history , broadcasting in a range of formats from talk-back to music to lifestyle, they have never been profitable in their own right, neither individually or collectively. Obviously, we would like them to make some money but the problem is how do they do that without taking audiences and revenues from our news-talk stations. There is no point at all in having two stations in the same city fighting for much the same audience, so we continue to search for a format which will complement, rather than compete directly with, our news-talk stations – a format which will extend our overall engagement with our current audiences and appeal to some new listeners, and which in fact will be promotable by our high rating news-talk stations and presenters.

This time last year we were still trailing the “Talking Lifestyle” format across the 3 stations and cities. Unfortunately, it failed to gain sufficient traction in Melbourne and Brisbane and we replaced it with “Macquarie Sports Radio” in April this year. It is still early days and it will take time to build its audience from a standing start, but I really think it has a great chance, certainly the best chance yet, of becoming a significant contributor to group earnings growth in the next 18 months or so. I’m sure Adam will talk some more about Macquarie Sports.

The main game for us is, and will continue to be, news-talk. I said in our Annual Report that *“...broadcast radio, and in particular the commercial news-talk format which we dominate, has lost none of its appeal to listeners or advertisers...”*

But I followed that comment by saying that “of course we must continue to evolve our product and our presentation and be prepared to adapt to a changing media environment...”

The Company and our news-talk stations, our core business, are in a very strong position right now and there is no reason at all why we can’t at least maintain market share and hopefully continue to grow news-talk revenue and earnings. At the same time we will of course continue to explore new opportunities and do whatever it takes to get our second network, Macquarie Sports Radio, into positive earnings territory.

But the biggest enemy as far as our news-talk network is concerned I think is complacency. Eight ratings surveys every year are a good start in killing complacency but media habits and choices are changing rapidly as we all know, and no media product can afford to stand still. The last thing we need in our news-talk network is radical change, but we must absolutely be open to both needs and opportunities to make changes in the way in which we engage with our audiences, our guests and our customers-our advertisers. Whether we like it or not, audience expectations of the media they choose to consume, and advertiser expectations of the media with which they will partner, are also changing rapidly. If we are to retain our current audiences and, as we must, also attract new audiences we must be more mindful than ever before of the need to evolve our programs and our station brands to match contemporary expectations.

I’ll now hand over to our CEO, Adam Lang before we move to the formal proceedings.

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