2GB 873 2CH 1170

Macquarie Radio Network Ltd

Wednesday, 18 February 2015: Macquarie Radio network ("MRN") today released its financial results for the half year ending 31 December 2014.

- Total revenue increased by 2% over the previous corresponding period (pcp) to \$29.9 million. Core Sydney radio revenue increased by 3.7% on the pcp.

- Underlying EBITDA decreased by 36% on the pcp to \$4.1 million.

- Underlying NPAT decreased by 41% on pcp to \$2.2 million.

- Reported EBITDA decreased by 67% on pcp to \$2.1 million.

- Reported NPAT decreased by 77% on pcp to \$0.9 million.

- No interim dividend will be paid.

Underlying EBITDA numbers were adjusted for talent contract renewals, 2CH relaunch costs and Commonwealth Games costs (\$2 million).

MRN Executive Chairman, Russell Tate, noted that an audit adjustment meant that reported earnings results were lower than the unaudited results flagged to the market in an announcement on 30 January 2015. Tate re-iterated comments made in the prior announcement that revenue gains during the first half of FY15 of 3.7% from Sydney radio operations had been outweighed by operating cost increases, in particular by costs associated with the relaunch of 2CH, costs associated with restructuring the Company's sales force, costs associated with talent contract renewals and overlaps of contracts, and increases in administration costs.

Tate repeated that cost increases in part reflected the Company's focus during the period on the facilitation of a merger with Fairfax Radio Network, details of which were announced to the market on 22 December 2014 and which, subject to the satisfaction of the conditions precedent for the transaction, is expected to complete in late March 2015.

"We will continue", Tate said, "during the second half of FY15, to incur one-off transaction costs to facilitate completion of the merger with Fairfax Radio Network. Immediately following completion, in the last quarter of FY15, we will commence restructuring of the combined group which will also incur significant one-off costs, estimated at between \$5 million to \$7 million and which are expected to realise sustainable annualised cost synergies in the merged entity estimated to be between \$10 to \$15 million by 30 June 2016. MRN's FY2015 earnings will obviously continue to be negatively impacted by the steps and costs leading up to, and immediately following, the merger but I am confident that the merged entity, in which current MRN shareholders will have an initial 45.5% shareholding, can reach substantially higher earnings during FY2016 based on cost synergies alone. We have also identified significant potential revenue synergies derived primarily from enhanced network and sales opportunities but further assessment and analysis is required before clear targets can be factored in."

Tate advised that a Notice of Extraordinary General Meeting of MRN shareholders to approve the proposed merger, and which contains details of the proposed merger including the report of an Independent Expert, is expected to be sent to the ASX and all current MRN shareholders during week commencing 23 February 2015.

-ends-