



Macquarie Radio Network Ltd

Monday, 10 August 2015: Macquarie Radio Network ("MRN") today announced its financial results for the year ended 30 June 2015.

Following approval by shareholders of Macquarie Radio Network Limited (MRN) at an Extraordinary General Meeting, the merger of Macquarie Radio Network (MRN) with Fairfax Radio Network (FRN) became effective on April 1st 2015. To give effect to the merger, MRN acquired 100% of the share capital of FRN in exchange for the issuance of 93,196,512 new MRN shares to Fairfax Media Limited (FML) and an equalizing cash amount of \$18,141,209. Following the issuance of the new shares, FML held 54.5% of MRN Shares on issue, and existing MRN shareholders held 45.5%

In accordance with Australian Accounting Standards, the transaction has been treated as a [Reverse Acquisition](#), with FRN being the acquirer for accounting purposes. Consequently MRN's reported financial results for the year ended June 30, 2015 include nine months (July 2014 – March 2015) of FRN results only, and three months (April 2015 – June 2015) of consolidated results.

	FY2015 (i)		FY2014 (ii)		Variance	
	Reported (iii)	Underlying (iv)	Reported (iii)	Underlying (iv)	Reported (iii)	Underlying (iv)
\$000s						
Revenue	97,467	97,058	84,962	84,962	12,505	12,096
Expenses	(93,253)	(91,014)	(82,817)	(82,817)	(10,436)	(8,197)
EBITDA	7,128	8,958	4,574	4,574	2,554	4,384
Profit before tax	4,214	6,044	2,145	2,145	2,069	3,899
Profit after tax	5,096	6,377	1,535	1,535	3,561	4,842

(i) FY2015 is 9 months of Fairfax Radio Network and only 3 months of the consolidated Macquarie Radio Network

(ii) FY2014 is 12 months of Fairfax Radio Network only

(iii) Reported figures exclude discontinued operations (96FM and Macquarie Regional Radio) - that is, they relate to the continuing operations of the business.

(iv) Underlying figures exclude discontinued operations (96FM and Macquarie Regional Radio) and significant items. Adjustments to EBITDA for these items are as follows:

	FY2015	FY2014
- Significant items		
* redundancy and restructuring costs	(2,239)	
* gain on sale of property plant and equipment	409	
	<u>(1,830)</u>	<u>0</u>

Commenting on the results, MRN Executive Chairman, Russell Tate said that the combination of Reverse Acquisition accounting, and an operational focus on facilitating the pathway to merged operations for both FRN and MRN in the January – June half, meant that the FY15 results should be viewed in isolation. "There is very little that can be taken from these results as a pointer to the future performance of the Company", he said. "Following the signing of the Merger Implementation Agreement in December 2014, and with considerable confidence in a successful outcome, our focus shifted to the planning of operational and structural changes to optimize the benefits of the merger. Consequently we were able to commence implementation of many of the changes immediately after

the merger was completed on March 31, and to begin the new financial year well on our way to realising our synergy targets”.

Tate said that a total of \$10 million in cost and operational synergies had been realised, and the associated one-off costs recognised, in FY15. “Further significant cost and operational synergies will be realised in FY16”, he added, “and we are now starting to see revenue synergies from our national network of stations and the greatly enhanced sales opportunities the network presents. Our early progress in identifying and realising both cost and revenue synergies makes it already clear that MRN’s earnings potential, both short and long term, exceeds the sum of its previous parts.”

“At this stage we believe FY16 earnings (EBITDA) will fall in the range between \$20 million and \$25 million”, Tate said. “The rate at which we are able to convert the revenue potential of our network will be the key determinant of MRN’s earnings growth and trajectory. Reaction to date from clients and media agencies alike to the reach and share of audience our national network now offers, together with increasing recognition of the marketing appeal of the 40-plus demographic which we dominate, gives us great confidence that we can significantly increase our share of overall radio spend over the next 2 -3 years. Over that period we believe a \$15 to \$25 million sustainable increase in annualised revenues is achievable. “

MRN’s Directors have declared that no final dividend will be paid.

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