MACQUARIE RADIO NETWORK LIMITED
Annual General Meeting
Address of Russell Tate, Executive Chairman

Sydney, Tuesday November 10, 2015;

As all shareholders now well know, following the merger during the 2015 financial year of Macquarie Radio and Fairfax Radio Network, our Company's reported financial results for the year, which were released in August, were both difficult to contextualise at the time of their release and next to meaningless in terms of the guidance they could provide to the Company's future performance.

The merger had always made commercial sense and after at least half a dozen unsuccessful attempts to consummate it in the last 10 years, Macquarie Radio and Fairfax Radio finally came together on April 1st 2015. To give effect to the merger, Macquarie Radio Limited acquired 100% of the share capital of Fairfax Radio Network through the issuance of new MRN shares and an equalising cash payment to its owner Fairfax Media Limited. As a result Fairfax Media Limited held, and today still holds, 54.5% of the Company, and MRN shareholders as at April 1st, had their holding reduced to 45.5%. MRN's largest single shareholder, John Singleton, then held and still holds 32%.

Australian Accounting Standards dictated that the transaction be treated as a Reverse Acquisition, with Fairfax being the acquirer for accounting purposes. That meant that our reported results for FY2015 included nine months (July 2014 – March 2015) of Fairfax Radio results only, and three months (April 2015 – June 2015) of combined results. Macquarie Radio's results for the first nine months of the year were excluded.

For the record our reported results were as follows:

	FY2015 (i)		**FY2014 (ii)**		**Variance**	
$000s	**Reported (iii)**	**Underlying (iv)**	**Reported (iii)**	**Underlying (iv)**	**Reported (iii)**	**Underlying (iv)**
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	
	(1,830)	0

I said at the time of announcing 2015 financial year results 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 to June half, meant that the FY15 results should be viewed in isolation", and suggested that very little could be taken from them as a pointer to the future performance of the Company. I pointed out that even as a measure of performance during FY15 and particularly the second half of the year following the signing of the Merger Implementation Agreement in December 2014, the results were greatly impacted by our focus shifting to the planning of operational and structural changes to optimize the benefits of the merger - benefits which of course would not be realised until this year and beyond.

I'll now move to the present and the very different business which Macquarie Radio is today, compared to what it was just 6 months ago. With 4 months of operations in the current financial year behind us, we have had over the last week or two the first real opportunity to take stock of how we are performing financially as a combined group. Overall we are slightly ahead of budget targets after the first 4 months and remain confident of achieving full year earnings (EBITDA) in the range between $20 and $25 million and in line with guidance.

We are very much on target to achieve targeted annualised cost synergies before the end of the current year which are expected to reach around $15 million. Our performance on the cost side has been pleasing and we continue to identify further opportunities for operating efficiencies whose full benefit will be realised in FY17.

On the revenue side our progress in revenue recognition is slower but we continue to have success in attracting big new budgets with tailored, ideas driven, and network-wide proposals. To date we have added around $7 million in annualised new revenue in this way and we will continue this targeted approach over the next 6 months to advertisers for whom our audience demographics are particularly appropriate and who therefore represent long term partnership potential. At the same time though we need to drive revenue growth and reduce churn in our current advertiser base and to that end have initiated a full review of the structure, practices and make-up of our sales force. Increasing the recognition amongst marketers and agencies of the value of the 40-plus demographic continues to be our biggest selling challenge and we believe that reasonable success in doing that can facilitate a sustainable increase in annualised revenues of $15 to $20 million over the next 2 to 3 years.

Of course our revenue prospects are also very much dependent on our ability to maintain and grow our share of audience. Ratings maintenance and growth is not just about maintaining the rankings of current programs with their current audience and we are continually reviewing our current program line-ups and developing new program ideas and formats.

We have already had success in introducing some of our current presenters and Programs to new network audiences such as:

- Alan Jones, Ray Hadley, Ross Greenwood, Steve Price and Michael McLaren's "Wake-Up-Australia" are now live from 2GB into 4BC Brisbane

- Virtually all of 2GB's weekend programs go live to 4BC including the Continuous Call Team
- Ross Greenwood's Money Show is now also live from the 2GB studios into 3AW Melbourne for 1 Hour a day
- Steve Price is also live into 3AW for 2 hours a night – often broadcast from 3AW
- Alan Jones does a weekly piece into 6PR Drive
- As of 6am yesterday, our Magic music stations in Brisbane and Melbourne commenced broadcasting as one network

We will continue to broaden the geographic distribution of content where it meets the criteria of economic benefit (some of it is sponsor driven) and being ratings neutral at worst in all markets.

We will in the New Year be launching what we believe is the first ever broadly appealing, sponsor commissioned and funded, 1 hour program which will be broadcast weekly throughout our national network and also go to dozens of regional stations. Our news-talk format, particularly outside of peak zones, lends itself perfectly to the production and presentation of such programming and we are currently in discussion on several such projects.

The New Year will also see the announcement and launch of a new look 2UE. This is a major initiative for Macquarie Radio and again will be a first in Australian radio.

In summary, our new Company is off to a promising start. We are now uniquely positioned on the media landscape. We command a dominant share of the national radio audience and in particular the demographic with the highest growth potential for advertising spend. We control and produce our own fresh content 24 hours a day, and we break news more often and faster than any other media company. The digital world represents no threat to us, only opportunity. We are the original form of social media and as relevant today as ever. As a combined Company we are learning every day about what works well for us and what can be done better. We know we must, and we know we can, do much better.

We are off to a promising start, and at our current run rate Earnings Per Share already exceed what Macquarie Radio and Fairfax Radio could deliver operating separately before the merger. I remain very confident that we will continue to generate strong and sustainable earnings growth through the next 2 to 3 years.

ENDS

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