

MACQUARIE MEDIA LIMITED 2018 RESULTS ANNOUNCEMENT

Sydney, 8 August 2018: Macquarie Media Limited (ASX:MRN) (“**Macquarie Media**” or “**Company**”) today announced its results for the full year to June 2018.

\$m	FY17 Underlying	FY18 Statutory	FY18 Discontinued Operations ⁽¹⁾	FY18 Significant Items ⁽²⁾	FY18 Underlying	Change %
Revenue	131.1	140.5	4.2		136.3	4.0%
Operating costs	(101.6)	(114.5)	(0.3)	(10.3)	(103.9)	2.2%
EBITDA	29.5	26.0	3.9	(10.3)	32.4	10.0%
EBIT	26.4	22.4	3.9	(10.3)	28.9	9.1%
NPAT	17.3	14.6	2.9	(9.8)	21.5	24.0%
Net debt	22.7	17.2			17.2	(5.5)
Net debt ratio ⁽³⁾	0.8	0.7			0.5	
Interest cover ratio ⁽⁴⁾	15.8	15.0			19.4	
EPS (cents)	10.1	8.5			12.6	24.8%
DPS (cents)	7.0	10.0			10.0	42.9%

⁽¹⁾ Satellite Music Australia Pty Ltd was sold in July 2017. A gain on sale of \$3.9 million is included in revenue.

⁽²⁾ Refer to Note 7 of the 2018 Annual Report

⁽³⁾ Net debt ratio covenant maximum of 2.5

⁽⁴⁾ Interest cover ratio covenant minimum of 3.5

Summary of FY18 Financial Outcomes

- Group Underlying EBITDA of \$32.4 million represents a \$2.9 million, or 10.0% increase over prior year.
- Group Underlying Net Profit After Tax (“NPAT”) of \$21.5 million represents a \$4.2 million, or 24% increase over prior year.
- Group Revenues excluding discontinued operations grew to \$136.3 million, an increase of \$5.2 million or 4.0% over prior year.
- Group Underlying Operating Costs increased by \$2.3 million, or 2.2% over prior year.
- During FY18 the Group completed the sale of Satellite Music Australia Pty Ltd (“SMA”) for total proceeds of \$6.2 million. A gain in sale of \$3.9 million has been recognised as profit (Statutory EBITDA) from discontinued operations, but is excluded from Underlying results.
- Proceeds from the sale were passed back to shareholders via a special fully franked dividend of 3.0 cents per share. The total special dividend payment was \$5.1 million.

Summary of FY18 Financial Outcomes (cont'd)

- The remaining SMA proceeds, combined with increased positive operating cash flow, contributed to a \$5.0 million debt repayment, reducing net debt by 24.2% to \$17.2 million at 30 June 2018.
- FY18 Underlying Earnings Per Share increased by 24.8% to 12.6 cents per share.
- Directors have declared a final fully franked dividend for FY18 of 4.0 cents per share to be paid in September 2018. Following the interim and special fully franked dividends of 3.0 cents per share each, total fully franked dividends declared in respect of FY18 are 10.0 cents per share.
- FY18 Statutory results are impacted by the following Significant Items which are excluded from Underlying results:

\$m	EBITDA	EBIT	NPAT
Impairment	6.5	6.5	6.5
Legal claims	3.0	3.0	2.7
Redundancy and restructuring	0.8	0.8	0.6
Total significant items	10.3	10.3	9.8

- An impairment was taken mid-year for Perth business unit which had been affected by the downturn in Western Australia's economic performance. The performance of the business unit has improved in the second half.
- Legal claims represent an 'at this point in time' assessment based on the balance of all available information and advice.

FY18 Results Commentary

Commenting on the results, Macquarie Media Chairman, Russell Tate, said "this is a solid result and reflects ongoing performance improvements across most of our business units. Our news-talk stations have continued their ratings dominance in Sydney (2GB) and Melbourne (3AW), and we have seen strong and sustained audience growth from 6PR in Perth and a healthy audience increase in the last survey of the year from 4BC in Brisbane. We have also seen in FY18 an exceptionally strong performance by our sales teams who have achieved year on year revenue growth on our news-talk stations of 9.0% compared to overall metropolitan market growth of 3.8%. We have also increased our overall share of market revenue despite the significant impact on short term revenue potential of the switching of our 3 east-coast "Talking Lifestyle" stations to the new "Macquarie Sports Radio" format. This new format will take time to build audience and revenues and we are hopeful that it will achieve break even revenue levels during FY19 which will add a further 4.0% to our total revenues."

FY18 Results Commentary (cont'd)

Tate who stepped down from Executive Chairman to Chairman (Non-Executive) on 30 June 2018, said that after 3 consecutive years of strong earnings growth, Macquarie Media Limited was very well placed for continued growth. "Broadcast radio, and in particular the commercial news-talk format which we dominate, has lost none of its appeal to listeners or advertisers. Of course we must continue to evolve our product and our presentation and be prepared to adapt to a changing media environment but we now have in place a leadership team, led by our incoming CEO Adam Lang, which has worked together and developed enormously since the merger of Fairfax Radio and Macquarie Radio in 2015, and a talented line-up of proven performers and future stars which I am confident will continue to build on the success the Company enjoys today".

Tate added that he was excited about the prospect of Macquarie Media being in a position to work more closely with Nine Entertainment Co Holdings Limited ("Nine") if the proposed transaction to merge Nine with Fairfax Media Limited, Macquarie Media's majority shareholder, is completed. "Such a combination would", he said "in my view present opportunities for Macquarie to both deliver, and benefit from, significant synergies".

Chief Executive Officer, Adam Lang said "Under the leadership of Russell Tate, Macquarie Media was formed and has defined itself as a new company. The foundations of our stations began in 1925 and our continued operation has required substantial and exciting evolution. Our company has never been in stronger shape and we are dedicated to the customer service of our audience, clients, and staff. As we approach our 100th year and position ourselves for the second century of operation, we aim to grow our News-Talk and Macquarie Sports Radio networks to continue to give a positive return to shareholders".

Ends

Disclaimer

This document has been reviewed, which is not an audit, by Ernst & Young; however, IFRS data has been derived from the audited annual consolidated financial statements included in the 2018 Annual Report.

This document should be read in conjunction with the Group's Appendix 4E and Annual Report for the financial year ended 30 June 2018.

Nothing contained in this document constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information contained in this document and any action taken on the basis of that information.

Definitions

Significant items: items of income or expense which are, either individually or in aggregate, material to the Group and are part of the ordinary activities of the business but unusual due to their size or nature.

Underlying Performance: is a non-statutory measure that excludes discontinued operations and significant items.