

2017 Shareholder Review



HT&E LIMITED
ABN 95 008 637 643

In May 2017, APN News & Media Limited changed its name to HT&E Limited (HT&E), marking the Company's final shift away from traditional publishing and reflecting HT&E's repositioned portfolio of leading, high-quality metropolitan media assets across radio, outdoor and digital.



Uniquely placed, HT&E continues to operate in growth segments of the media landscape and brings together a combination of 'away from home' assets – Australian Radio Network (ARN), Adshel, Conversant Media, Gfinity Esports Australia (Gfinity Australia) and Emotive.

These powerful channels can work together to more effectively target, engage with, and drive behaviours of our consumer audiences while they're on the move.

HT&E's media and entertainment offering provides unprecedented scale, content creation, and insight-led innovation, to deliver a better proposition for audiences and advertisers.

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HT&E owns Australia's #1 national metropolitan radio network and the #1 street furniture business in Australia and New Zealand.

Results snapshot

#1

National Radio
Network

0.97x

Net debt to EBITDA is down
from 1.2 times in 2016 to
0.97 times in 2017

7cps

Dividends paid during 2017

A further 4 cents per share
has been declared and will
be paid in April 2018

In 2017, HT&E continued to focus on its core assets, supported by its expanding digital portfolio and data capabilities, and a fresh trade proposition to deliver integrated solutions for advertisers.

ARN improved its performance in the second half of the year, regaining the number one network position, growing market share and improving its digital broadcast and commercialisation capabilities.

Adshel continues to lead the way in street furniture digitisation and innovation, renewing existing contracts and securing the new Metro Trains Melbourne contract for seven years, while also enhancing its data and smart cities leadership position.

The integration of Conversant Media and ARN is progressing well, leveraging digital opportunities and incremental revenue across the Group.

HT&E also announced its entry into the global growth sector of esports with the launch of Gfinity Australia, enabling HT&E to further expand its digital audience base and diversify revenues.

Chairman's Report



It was a new beginning for HT&E in 2017, as for the first time we operated our core radio and outdoor assets as 100 per cent owned businesses.

I cannot emphasise how important it is to be operating in strong and growing sectors, at a time when there is significant disruption to the media industry, where social media and search companies are dominating advertising spend and where new challenges are presented every day. There is no doubt that radio and outdoor assets provide significant opportunities as they continue to grow audiences and remain attractive to advertisers.

The transformation of the Company was signalled by our name change in May, to HT&E. For the first time, a media company in Australia brought together the 'away from home' channels of radio, outdoor and digital – enabling advertisers to better engage, influence and drive audience behaviour as we connect and interact with them, wherever they are.

Focus

Our overarching strategic focus is unchanged, and is centred on our four objectives – to grow our audience base, diversify revenues, expand digital and data capabilities, and optimise integration – all while delivering acceptable, long-term returns to shareholders.

In 2017, despite some strong progress in many areas, the financial performance of our businesses was not as strong as we would have liked, and I can assure you that the Board is committed to delivering improved results and superior returns for shareholders. We have set the focus for the Company for 2018 and beyond, and have a highly experienced management team.

Operating in growth sectors

2017 was a big year for the media industry with historic changes to Australia's media laws passed by Federal Parliament in September, delivering the largest reforms in nearly three decades. We welcome the reforms, in particular the removal of broadcasting licence fees.

The media segments we are in give us great confidence. Radio has demonstrated long-term growth in both listenership and revenue and we are confident that will continue. The sector is successfully developing new infrastructure and technologies to further its business model into the future, and the industry continues to work closely together for the benefit of its listeners and advertisers.

There is no doubt that out-of-home, and street furniture in particular, is the segment to be excited about, because of its significant growth potential. As digitisation increases and data capabilities improve, advertisers will benefit from more flexibility and innovation.

HT&E is in attractive sectors which we selected for their growth potential. We have a strong balance sheet and the experience and ability in the management team to execute our strategy.

The out-of-home market does have a number of significant contracts that are extremely attractive because of their scale and longevity. While we are keen to grow, we expect our management to be disciplined when it comes to submitting tenders for these major contracts, which must always be assessed on a commercial basis. We assess every contract we compete for and evaluate any alternative uses for capital, the business key performance indicators (KPIs), and standards that we want to meet. We are mindful that winning uncommercial contracts does not deliver value for shareholders.

Australian Taxation Office dispute

HT&E continues to be involved in discussions with the Australian Taxation Office pertaining to the New Zealand Branch matter, as previously disclosed. Amended assessments were received in late January 2018. The Company intends to fully pursue this matter, and we remain confident in our position. Final resolution of this matter could take several years.

Payment of dividend

Dividends were reinstated in 2017, with seven cents per share paid during the year. Our dividend policy has a payout ratio of 40-60 per cent of underlying NPATA when leverage is less than 2.0 times EBITDA and, accordingly, in February 2018 the Board declared a fully franked final dividend of 4 cents per share.

Our balance sheet position is strong, with net debt less than 1 times EBITDA at 31 December 2017.

The year ahead

The Board believes HT&E is well positioned with its current businesses. 2018 is all about delivery and operational focus, driving EBITDA, with good capital management, which will in turn yield better shareholder value.

HT&E is in attractive sectors which we selected for their growth potential. We have a strong balance sheet and the experience and ability in the management team to execute our strategy.

We will consider opportunities, and “bolt ons”, to our radio, outdoor and digital offering, providing they align with our four objectives and deliver acceptable returns.

On behalf of the Board, I would like to thank our shareholders for their ongoing support and all HT&E employees for their commitment and work for the Company.



Peter Cosgrove
Chairman

Chief Executive Officer's Report



HT&E is uniquely placed in the media market with an expanding portfolio of leading, high-quality metropolitan assets across radio, outdoor and digital. Each of our business units operates in sectors of the market that continue to grow and each is focused on the optimisation of its performance.

Our powerful assets work together to connect with audiences on the move, and better influence consumer behaviour with greater targeting capabilities.

Our businesses

Australian Radio Network (ARN)

Regaining and retaining the number one metropolitan network position was a key priority for our radio business in 2017. The actions successfully implemented resulted in the KIIS and Pure Gold brands taking out the number one position from August, ending the year as the leading network in the country with the highest network ratings in the history of ARN. Momentum has returned.

Although revenues for the year were down \$1.4 million (0.6 per cent), the second half revenue performance reflected the improved ratings, and delivered market share gains due to revenue growth of 5.1 per cent, compared to market growth of 1.7 per cent.

Costs for the year were up \$0.9 million, assisted by the licence fee cuts. Overall, EBITDA was down

by \$2.3 million, with the EBITDA margin contracting slightly to 38 per cent. The EBITDA decline of \$6.7 million in the first half was offset by strong second half growth of \$4.4 million.

The business is determined to extend its ratings lead in 2018, launching new breakfast shows on KIIS 101.1 and GOLD104.3 in Melbourne, a new breakfast show for 96FM in Perth, and a new national Drive show across the KIIS network, bringing fresh energy and commercial opportunities to the network. They will join our established on-air stars across the network to drive further ratings and deliver better value for clients.

While ARN remains focused on strengthening its core broadcasting brands, significant progress has been made future-proofing the business by creating the future of audio entertainment in Australia. With an unrivalled multiplatform strategy, ARN has a broadcasting, digital and social model that is growing existing and new audiences, commercialising this multiplatform content and developing new revenue opportunities and integrated solutions for advertisers.

Adshel

Adshel had a strong financial year in 2017 in both Australia and New Zealand, with overall revenue up 7.5 per cent and EBITDA up 11.3 per cent.

New Zealand performed particularly well, with revenue up 24.8 per cent and EBITDA up 24.1 per cent, while in Australia, the loss of the Yarra Trams contract, announced in October, began to impact performance in quarter four. Despite this setback, revenue and EBITDA growth for the year was 4.9 per cent and 7.6 per cent respectively.

The business is actively pursuing new contracts as it continues to demonstrate its leading street furniture model by delivering exceptional revenue performance with world-class innovation and customer service initiatives. We were particularly pleased to secure the Metro Trains Melbourne contract for seven years, strengthening Adshel's coverage across the rail commuting audience in Melbourne.

Adshel's digital roll-out continued, albeit impacted in Australia by the Yarra Trams contract process and outcome. In New Zealand, expansion continued with the network growing to more than 200 screens. Plans are in place to redeploy screens impacted by the Yarra Trams contract outcome across the Adshel network in the first half of 2018.

Adshel further improved its data and programmatic capabilities to automate its sales processes and expand its geo-targeting capabilities.

Adshel remains the number one street furniture network in Australia and New Zealand, with a superior digital model that allows for better audience intelligence and campaign performance. As the outdoor sector continues to grow at a steady rate, Adshel will continually assess new opportunities in the market.

Digital investments

In 2017, HT&E expanded its portfolio of digital investments to support its core offering. We established HT&E Events and Gfinity Australia in August, focusing on the phenomenally strong growth area of esports and bringing a unique competitive framework to the Australian market. Partnering with global experts in the industry, our esports division provides further opportunities for HT&E to expand its digital audience base and grow commercial opportunities by reaching a valuable, younger demographic.

Conversant Media revenue in 2017 was flat year on year, although this was a sound result in the context of a challenging digital display market. 2017 was a record year for audience metrics, with all brands experiencing growth and seven consecutive months of record traffic month on month for Australian unique visitors across Conversant Media sites. Sports opinion website, The Roar, had an exceptional year including the launch of Club Roar, which has had over 28 million video views to date.

The integration of Conversant Media and ARN's digital sales teams was successfully completed in 2017. As well as additional revenue opportunities, it improves ARN's digital offering, presenting content and audience growth opportunities.

HT&E's other digital investments continue to perform well. Emotive had a successful year, with earnings up 24 per cent in 2017, positioning itself as one of the leading and award-winning social video content agencies in the country.

The Company has also invested a modest amount in Unbound, an early stage media content and technology business, focused on virtual and augmented reality.

Hong Kong outdoor (Cody)

Cody made some progress in returning to profitability in 2017, despite continuing challenging market conditions. We secured the Hong Kong Tramways five-year shelter contract from May, the onerous Buzplay contract expired in mid-2017 and other unprofitable contracts were exited. As a result, Cody has commenced 2018 on a stronger footing, and the first quarter has started well, from a revenue perspective. We will maintain a rigorous focus on management and costs to continue improving performance in 2018.

In August 2017, HT&E commenced a strategic review of the Cody business. After a detailed review, the Board has determined that HT&E will continue to operate the Cody business and focus on returning it to profitability for the benefit of shareholders.

2017 Financial results

2017 statutory revenue from continuing operations was up 58 per cent to \$472.3 million, with EBITDA from continuing operations up 30 per cent to \$118.4 million. HT&E's statutory results were materially impacted by the full year ownership of Adshel.

On a pro-forma basis, revenue from continuing operations in 2017 would have been up 3 per cent, from \$459.2 million. EBITDA from continuing operations and before exceptional items would have been up 1 per cent from \$117.8 million on a pro-forma basis in 2016.

While these results were below our expectations, the restructuring program implemented since the end of 2015 is now complete, and actions taken to deliver stronger operational performance in 2017 will continue in 2018.

Marketing in motion

In 2017, HT&E undertook industry-leading research to prove our 'Marketing in Motion' proposition, demonstrating how radio, outdoor and digital work effectively together and provide better return on investment for advertisers. Clients can now leverage our unique portfolio of media assets to develop integrated solutions, with content replicated and aligned across our divisions.

2018 Focus

In 2018, our focus is on delivering value for shareholders by driving and delivering operational performance.

For radio, that means maintaining our number one position, improving market share and profitability, and digital growth. Adshel is focused on driving continued growth and expanding its digital network, pursuing new and existing contract opportunities, and deploying new technology and geo-targeting capabilities.

For HT&E Events, our ambition is to establish and commercialise Gfinity Australia and the Elite Series tournament as the premier esports broadcast league in the country.

Thank you

I would like to sincerely thank our staff at HT&E for their contribution to the Group as they continue to demonstrate commitment to the business, with skill and passion. Their flexibility, innovation and loyalty are integral to what has been achieved and I commend them for supporting the changes we made in 2017 and embracing the opportunities that now present themselves.

I would like to thank our shareholders for their ongoing support. I look forward to working with you as we focus on driving operational performance and delivering value to shareholders in 2018.



Ciaran Davis
Chief Executive Officer (CEO)
& Managing Director

Operating & Financial Review

This Operating and Financial Review should be read in conjunction with the Chairman's Report and the Chief Executive Officer's Report.

Performance overview

HT&E Limited (HT&E) results for 2017 were impacted by the acquisitions of Adshel and Conversant Media in October 2016. Statutory results for 2017 versus 2016 benefit from 12 months of full consolidation of both businesses, compared with just over two months in 2016 (and in Adshel's case, 10 months as an associate). To enable comparability, this overview discusses both statutory and pro-forma results against performance for 2016.

On a statutory basis, segment revenue from continuing operations was up 58 per cent to \$472.3 million from \$298.6 million. \$160.6 million is directly attributable to the acquisitions, with the balance predominantly due to growth across Adshel, offset by declines at ARN, particularly in the first half. Segment costs were up 62 per cent to \$362.5 million from \$224.1 million; \$126.3 million was acquisition related, and the balance was driven by investment in staff, talent and platforms across the business, offset by savings – including \$4.4 million of benefits due to the 2017 licence fee removal – at radio. Segment earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items was up 30 per cent from the corresponding period to \$118.4 million.

Depreciation increased from \$7.4 million to \$23.2 million in 2017; \$11 million of this increase was “acquired” with the balance of the uplift due to the recent capital expenditure program, particularly in Adshel. As a result, segment earnings before interest, tax and amortisation (EBITA) from continuing operations and before exceptional items was up nearly 15 per cent from the corresponding period to \$96 million. Net interest expense declined on lower debt levels, while tax expense increased in line with the earnings uplift.

Net Profit After Tax attributable to shareholders from continuing operations and before Amortisation and exceptional items (NPATA) was up 28 per cent to \$54.1 million, compared to \$42.4 million in 2016. Amortisation increased from \$1.1 million to \$16 million, related to the amortisation of Adshel's identifiable intangible assets which commenced during 2017 following the 2016 acquisition and the \$222 million accounting value uplift recorded in the 2016 results. The loss of the Yarra Trams

contract announced in October, and specifically the assumptions regarding the potential network impact, have resulted in an impairment of Adshel goodwill and intangibles of \$163 million in the 2017 accounts. Statutory Net Profit After Tax (NPAT) attributable to shareholders for the year was therefore a loss of \$117.5 million, compared to a loss of \$6 million in 2016.

If HT&E had owned 100 per cent of Adshel and Conversant Media for the full year in 2016, revenue from continuing operations in 2017 would have been up 3 per cent, from \$459.2 million. EBITDA from continuing operations and before exceptional items would have been up 1 per cent from \$117.8 million on a pro-forma basis in 2016.

Following significant restructuring in 2016, our focus in 2017 was on our core assets of radio and outdoor, integrating the acquisitions and achieving operational improvements in Australian Radio Network over the second half 2016 result.

After challenging ratings and revenue in the first half, ARN regained its number one national network rating in survey 5 and held it for the rest of the year. The survey 8 result means ARN was the number one national network for the year. Revenue performance started to reflect improved ratings from August, and for the second half revenue growth was 5.1 per cent, compared to market growth of 1.7 per cent. Over the full year, ARN revenue was down less than 1 per cent, with growth in the second half offsetting a 6 per cent decline in the first half. Second half costs in ARN were up 2 per cent and have been assisted by the licence fee cuts finalised in October. This resulted in full year costs up less than 1 per cent. As a result, EBITDA was down by \$2.3 million for the year.

Adshel led the market in the first half of 2017, and was on track to beat market expectations until it lost the Yarra Trams tender, announced in October. Significant progress has been made since then to replace inventory in central Melbourne, and redeploy the Yarra Trams digital screens across Australia and New Zealand. Despite this setback, revenue and EBITDA growth was achieved in 2017. Adshel New Zealand delivered stellar results, with revenue up 24.8 per cent and EBITDA up 24.1 per cent. In Australia, full year revenue was up 4.9 per cent and EBITDA was up 7.6 per cent.

The table on page 7 reconciles the Group's segment result before exceptional items to the statutory result. Exceptional items in 2017 included a mix of one-off gains and non-recurring costs arising during the year, including the one-off \$5.4 million benefit from the radio licence fee holiday relating to ARN's 2016 results, offset by the Adshel impairment change and

Financial performance	Segment result		Exceptional items ³		Statutory result	
AUD million ⁴	2017	2016	2017	2016	2017	2016
Revenue	472.3	298.6	-	-	472.3	298.6
Other income	7.4	7.2	-	223.5	7.4	230.7
Share of profits of associates	1.3	9.3	-	-	1.3	9.3
Costs	(362.5)	(224.1)	(158.8)	(5.9)	(521.4)	(230.0)
EBITDA¹	118.4	90.9	(158.8)	217.6	(40.4)	308.6
Depreciation	(22.4)	(7.4)	(0.8)	-	(23.2)	(7.4)
EBITA²	96.0	83.5	(159.7)	217.6	(63.7)	301.1
Net interest expense	(9.0)	(17.7)	-	(0.4)	(9.0)	(18.0)
Net profit before tax and amortisation	87.0	65.9	(159.7)	217.2	(72.6)	283.1
Tax expense	(26.7)	(16.9)	(0.4)	(13.7)	(27.1)	(30.6)
Net profit after tax and before amortisation	60.3	48.9	(160.0)	203.5	(99.7)	252.5
Profit attributable to non-controlling interests	(6.2)	(6.6)	(0.3)	-	(6.6)	(6.6)
NPATA attributable to HT&E shareholders	54.1	42.4	(160.4)	203.5	(106.3)	245.9
Amortisation (net of tax)	(11.2)	(0.8)	-	-	(11.2)	(0.8)
NPAT attributable to HT&E shareholders from continuing operations	42.9	41.6	(160.4)	203.5	(117.5)	245.1
Profit/(loss) from discontinued operations	-	21.1	-	(272.2)	-	(251.1)
NPAT attributable to HT&E shareholders	42.9	62.7	(160.4)	(68.7)	(117.5)	(6.0)

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items, represents the Group's total segment result.

(2) Earnings before interest, tax and amortisation (EBITA) from continuing operations and before exceptional items.

(3) Refer to note 1.3 to the consolidated financial statements for further details in relation to exceptional items.

(4) Totals may not add due to rounding.

some restructuring charges incurred by ARN to address its first half challenges. Further details are included in note 1.3 to the consolidated financial statements.

Balance sheet and cash flow

The Group had net assets at 31 December 2017 of \$622.7 million. The parent entity's interest in the net assets decreased by \$124 million during the year.

In 2016, Accounting Standards required HT&E to uplift the value of Adshel in the balance sheet by \$222 million. During 2017, HT&E finalised the Adshel acquisition accounting, recording \$382.5 million in goodwill, \$134.0 million in identifiable intangible assets and an associated deferred tax liability of \$51 million. The loss of the Yarra Trams contract announced in October, and specifically the assumptions regarding the potential network impact, have resulted in an impairment of Adshel goodwill and intangibles of \$163 million in the 2017 accounts.

As announced to the Australian Securities Exchange on 23 January 2018, HT&E received amended assessments from the Australian Taxation Office (ATO) pertaining to the matter disclosed in the 2016 Annual Report. The Company has not accrued any amount in relation to the dispute in the 2017 balance sheet. HT&E remains satisfied that its treatment of this matter is consistent with relevant taxation legislation. HT&E intends to lodge an objection with the ATO and if necessary contest the amended assessments through litigation proceedings. \$51 million will be deposited with

the ATO while these dispute processes are being completed. Final resolution of this matter could take several years.

HT&E's net debt at the end of 2017 was \$114.8 million, down from \$142.7 million in 2016. The balance sheet is very strong, with net debt leverage of 0.97 times and interest cover of 15 times. The Group retains more than \$220 million in undrawn facilities, sufficient to cover any outcome on the dispute with the ATO. Including the ATO deposit, leverage at 31 December 2017 would have been 1.4 times.

Operating cash flow was \$75 million in 2017, up 109 per cent on the statutory 2016 result. While the Company benefited from a full year of Adshel cash flow, \$15 million of non-recurring cash outflows contained the overall result. Dividends were also reinstated in 2017, with \$18 million paid to shareholders. \$16 million was spent on capital expenditure in 2017, compared to \$15 million in 2016. While lower than expected due to the timing of contract renewals, capital expenditure was predominantly in Adshel where network asset deployment and digitisation continued. HT&E's plans suggest that, subject to the timing of contract renewals, capital expenditure of approximately \$30 to 40 million may be incurred in 2018.

A final dividend of 4 cents per share was declared for 2017 and is payable in April 2018.

Operating & Financial Review

Australian Radio Network

ARN is the #1 national radio network in Australia, with the country's leading on-air talent and a re-energised content strategy in 2018.

Performance improving in the second half of 2017

After challenging ratings in the first half of 2017, Australian Radio Network's revenue performance began to reflect improved ratings from August, with second half revenue growth of 5.1 per cent, versus market growth of 1.7 per cent. Second half costs were up 1.8 per cent, assisted by the removal of broadcasting licence fees, driven by increased variable cost of sales on increased revenue and investment in staff and talent. ARN full year revenues were down 0.6 per cent year on year, with growth in the second half offsetting a 6.1 per cent decline in the first half. Full year costs were up 0.7 per cent. As a result, EBITDA was down by \$2.3 million for the year. The EBITDA margin was 38 per cent.

The Australian radio market continues to show resilience, up 0.1 per cent in 2017. The sector has demonstrated long-term growth in both listenership and revenue, and live Australian radio remains the dominant audio platform, accounting for 65.3 per cent of time spent listening to audio, up from 64.9 per cent in 2016¹.

AUD million ²	2017	2016
Revenue	218.7	220.1
Costs	(135.6)	(134.7)
Segment EBITDA	83.1	85.4
Depreciation	(4.1)	(3.8)
EBITA	79.0	81.7

1. 2017 GfK Share of Audio study, Commercial Radio Australia.
2. Results before intercompany eliminations. Refer to note 1.3 to the consolidated financial statements for further details. Totals may not add due to rounding.

Strong ratings to propel ARN into 2018

Under the leadership of CEO Rob Atkinson, appointed in April 2017, actions were taken to address the challenging period of ratings and revenue ARN experienced from mid-2016 to mid-2017. A new Chief Commercial Officer was also appointed earlier in the 2017 year.

Ratings improved in the second half of 2017, and ARN regained the number one national 10+ network position in surveys 5 to 8. ARN ended the year as the leading national radio network in Australia, with strong survey 8 results across all markets to cap off ARN's best ratings year yet.

In Sydney, ARN held the number one and number two FM stations, as well as the number one and number two FM breakfast shows. KIIS 1065's Kyle & Jackie O and WSFM's Jonesy & Amanda achieved outstanding results, with a 12.1 per cent and 10 per cent share respectively.

In Melbourne, ARN rounded out a strong year with GOLD104.3 retaining its position as number one FM station, while KIIS 101.1 was the number five FM station. ARN is focused on delivering audience growth in the Melbourne market in 2018.

After launching a new 97.3FM breakfast show in Brisbane in early 2017, the station ended the year as number four FM breakfast and number three station overall. 4KQ retained its position as number one AM station overall, and number one AM commercial breakfast.

Mix102.3 maintained its lead in Adelaide, finishing the year as the number one station overall with an increased share of 12.3 per cent, and the number one FM breakfast show.

In Perth, the refocused music positioning yielded strong audience growth for 96FM, finishing the year with a 10.2 per cent share, providing a solid platform for 2018.

Australia's leading on-air talent

In 2017, ARN re-signed WSFM's Jonesy & Amanda, securing the reputable and talented breakfast duo until the end of 2020.

ARN has Australia's leading on-air personalities, with key talent locked in for at least the next three years across the KIIS and Pure Gold networks. Strategic content changes announced since November, backed by a significant investment in targeted marketing, will solidify ARN's leadership position and enable market share and ratings growth in 2018.

In Melbourne, ARN has launched a new breakfast show on KIIS 101.1. Jase & PJ have an established on-air history and bring a fresh, youthful energy to the station, with stronger commercial appeal. ARN has also launched a new national Drive show,

Will & Woody, across the KIIS network, driving greater appeal for national advertisers. Both teams are commercially focused with established chemistry, and understand radio audiences and how audio content translates to digital and social environments, which is a key focus for ARN in 2018.

ARN also made changes to GOLD104.3 in Melbourne, securing one of the strongest radio talents in the world, with Christian O'Connell, London's leading breakfast show host, joining the line-up.

In Perth, having made format changes in early 2017, ARN launched a new breakfast show with Paul & Lise – well-recognised talent in the market who will contribute even further to the station's improving performance.

The future of audio entertainment

Beyond its FM broadcast offering, ARN continues to make targeted investments to grow digital audiences and drive new revenue opportunities as a multiplatform business, with a renewed vision to create the future of audio entertainment.

iHeartRadio, the music streaming and digital entertainment brand, is a key component in ARN's digital future and a driver of audio content. Relaunched in January 2017, the iHeartRadio app has now surpassed 1.52 million downloads and over one million registered users, and generates over three million hours of listening per month.

In addition to the custom radio and artist radio offering, with 10 new stations added in 2017, new capabilities introduced in 2017 are changing the dynamics of iHeartRadio, broadening ARN's audience and revenue streams. ARN was the first Australian radio broadcaster to offer AdsWizz dynamic ad insertion. Partnerships with Whooshkaa, Spreaker and others have created the biggest library of podcasts in the country, with over 1.4 million episodes that will be able to be commercialised. The iHeartRadio app is also being integrated into voice-activated products to accelerate the platform's availability across a range of devices, including Apple CarPlay,

ARN continues to make targeted investments to grow digital audiences and drive new revenue opportunities as a multiplatform business, with a renewed vision to create the future of audio entertainment.

Android Auto and Google Home. iHeartRadio's integration into these new, voice-activated, consumer audio products, and the local exit of Pandora, drove an increase in the usage of iHeartRadio in the second half of the year.

The integration of Conversant Media with ARN's digital sales team in 2017 enabled the business to pursue additional revenue opportunities, while strengthening the Group's overall digital presence and increasing exposure to the high growth areas of video and mobile.

Energising brands in 2018

In 2018, ARN is repositioning its sales efforts with a new trade proposition around 'Energising Brands'. The new position encompasses a comprehensive commercial strategy based on ideas and insights, backed by increased investment in research and data to support ARN's ambition to be the partner of choice for solutions across audio and digital. This all-of-business proposition has a focus on both content and commercial, driving a re-energised and even more competitive ARN in 2018.



Operating & Financial Review

Adshel

Adshel is the #1 street furniture network in Australia and New Zealand, with a superior digital model that allows for better audience intelligence and campaign performance, delivering targeted, high-frequency campaigns at scale.

Leading street furniture and rail networks

With premium assets across street furniture, rail and petro-convenience, Adshel is embedded in a crucial part of consumers' lives – the daily commute. As the leading street level, small format network, it offers scale and a level of engagement not replicated in any other out-of-home media. Its street furniture and commuter media formats are uniquely at the intersection of technology developments in data, mobile and smart cities, enabling advertisers to more effectively and efficiently target consumers than has previously been the case in out-of-home.

Adshel boasts the largest roadside network in Australia and New Zealand. The Adshel Live network continues as the only national digital street furniture network in each of Australia and New Zealand and attracts advertisers with its flexibility, immediacy, interactive nature and geo-targeting capabilities, offering broadcast scale with narrowcast targeting.

In 2017, Adshel's innovation was recognised by the industry, winning awards including the Outdoor Media Association's Creative Collection Grand Prix and Best Digitally Led Marketing Campaign at the AMY Awards. Adshel NZ was awarded the prestigious CAANZ Beacon NZ Media Business of the Year.

Investment in digital driving revenues

The Adshel Live roll-out continued during 2017, albeit impacted in Australia by the Yarra Trams contract process and outcome. In New Zealand, expansion continued with the network growing to more than 200 screens, including entry into Hamilton.

While data from the Outdoor Media Association showed the Roadside-Other market segment in Australia was up 3 per cent on 2016, Adshel was ahead with full year revenue growth of 4.2 per cent. In New Zealand, Adshel revenues grew 24 per cent, against the market growth of 18 per cent.

The outdoor sector remains strong, and advertiser appetite is expected to continue to grow, particularly in the street furniture segment, driven by increased digitisation.

Digital revenues account for over 30 per cent of Adshel's media revenue. The network will expand in the first half of 2018 to over 300 screens in New Zealand, while street furniture deployment and the Metro Trains Melbourne project will see Adshel grow to more than 750 screens in Australia. Ongoing investments in digitisation, data and technology are all key drivers of future growth.

At the same time, Classic (static) products remain resilient, making Adshel an outlier in the industry in this regard, with like for like inventory-adjusted sales growth of 1.8 per cent in 2017, supported by continued investment in research and marketing.

Second half outcomes affected momentum into 2018

Adshel had a very strong performance across Australia and New Zealand in the first half of 2017, with significant revenue and earnings growth. The impact of the Yarra Trams contract outcome, announced in October, affected momentum in quarter four. Despite this setback, total revenue for 2017 across both markets was up more than 7.5 per cent to \$221.3 million. EBITDA grew 11.3 per cent to \$51.5 million, with digital revenues contributing to margin improvement, largely driven by the performance in the first half.

Digital investment metrics remained strong across both markets with capital investments yielding a less than two-year pay-back, despite some yield pressure on digital advertising revenue, in line with recent industry trends. Total costs grew 6.4 per cent to \$169.8 million with much of this increase coming from revenue-related selling costs, predominantly site rent, agency commissions and cost of goods on increased bus shelter sales.

Adshel maintains its focus on geo-location enabled street furniture and rail.

AUD million ¹	2017	2016
Revenue	221.3	205.8
Costs	(169.8)	(159.6)
EBITDA	51.5	46.2
Depreciation	(17.6)	(14.3)
EBITA	33.9	31.9

Key contracts to set the business up for commercial success

Adshel remains the clear leader in street furniture in Australia. In re-establishing the Adshel Live network in Melbourne across other contracts, Adshel continues to demonstrate the strength of its national network and clarity of approach. It continued to retain and win strategic mid-tier and other key contracts in 2017, including the Metro Trains Melbourne (MTM) contract which was secured for seven years.

From 1 April 2018, Adshel will add MTM's 15 rail lines and 218 stations in Melbourne to its existing rail offering across Sydney Trains, creating a single network to connect advertisers with commuters in both of Australia's largest cities, reaching over two million commuters each day. The partnership will see Adshel deploy a new estate of over 150 digital screens at key Melbourne CBD and inner-city railway stations, bringing a host of new scalable digital features to market and extending Adshel's leadership in commuter media.

Adshel will continue to enhance its smart cities capabilities, having leapt forward in this space in 2017, including securing the exclusive partnership with US-based CIVIQ Smartscapes, which will allow Adshel to offer value and a clear point of difference with world-class solutions for cities and transport authorities.

Adshel and ARN partnership opportunities

In 2017, Adshel worked closely with ARN and Conversant Media to pursue Group campaign and partnership opportunities, allowing advertisers to run cross-platform campaigns across Adshel and ARN simultaneously. With sight and sound working together, campaigns were amplified across channels.

Focus on data and innovation in 2018

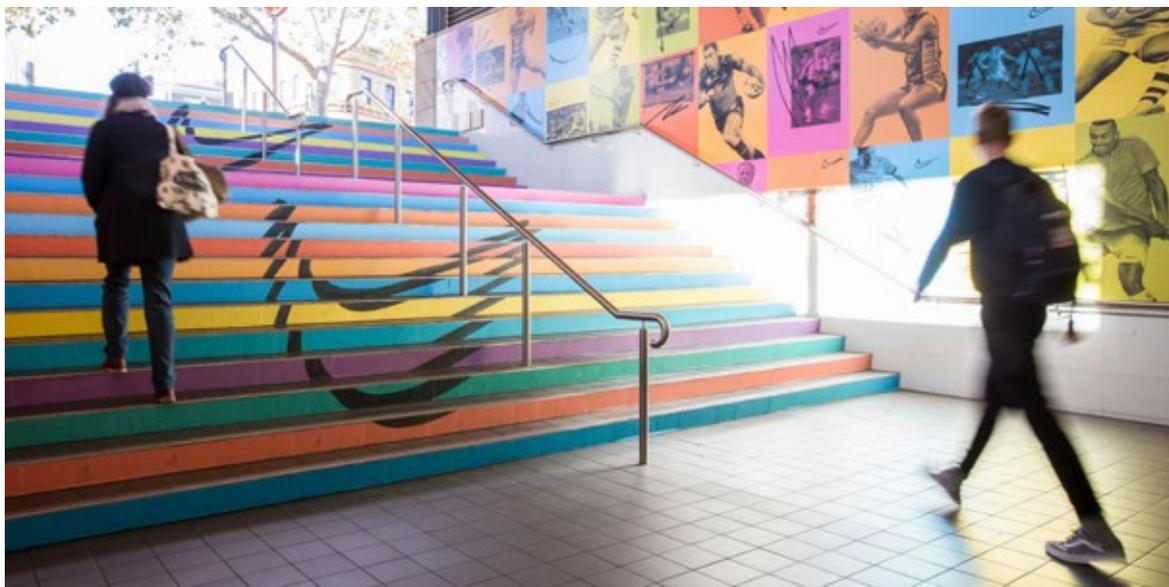
Adshel maintains a strong focus on geo-location data to leverage mobile and deliver rich insights for more effective campaigns across its superior Classic, Live and Rail networks.

In May, the business announced an exclusive Data Management Platform partnership with global ad tech giant Lotame, to bolster its geo-targeting capabilities and aggregated audience insights. A new partnership with Roy Morgan has also allowed advertisers to more precisely target locations where commuters work and shop. In 2018, Adshel will continue to invest in data, moving towards selling advertising based on these valuable audience profiles, rather than reach and frequency alone.

In 2017, the business also moved to automate its buy-sell workflow, with an APAC-first partnership with Rubicon Project to enable media buyers to purchase Adshel with the precision achieved with online advertising.

Setting the focus for Adshel, with data, automation in sales and creative innovation at the core, is repositioning the business for further growth. Adshel will strengthen its position in 2018 by continuing its Adshel Live expansion, pursuing new and existing contracts, investing in greater data capabilities and enhancing its smart cities proposition.

Adshel is embedded in a critical part of consumers' lives – the daily commute.



1. Results before intercompany eliminations. Refer to note 1.3 to the consolidated financial statements for further details. Totals may not add due to rounding.

Operating & Financial Review

Digital Investments

In 2017, HT&E continued to build its portfolio of digital investments that support its core radio and outdoor offering and align with its strategy to diversify revenues and grow its audience base.



There were several key developments across HT&E's digital investments in 2017.

HT&E Events

In August, HT&E announced the establishment of a new division and brand, HT&E Events. It is a joint venture with IKON Media & Entertainment – a global media, entertainment and sports agency, with specialist expertise in establishing city-based franchise leagues.

HT&E Events enhances the complementary nature of the Company's existing radio, outdoor and digital businesses by providing unique content that is targeted to HT&E audiences and is highly relevant and appealing for advertisers.

HT&E Events will manage niche events for Australian audiences, providing a new inventory of creative and engaging opportunities for brands to connect with consumers.

Gfinity Australia

In August, HT&E Events formed an Australian esports business, Gfinity Australia, in partnership with a global leader in esports, Gfinity PLC.

Esports is now reaching mass market scale, with an estimated global audience of 385 million people in 2017, and the global market projected to reach US\$1.5 billion by 2020.¹

In 2018, Gfinity Australia is launching Australia's first city-based, professional esports franchise league, the Elite Series. Providing a clear and structured top-to-bottom competitive framework within Australian esports, for both amateurs and professionals, this is a unique offering in the Australian market, strongly desired by the passionate gaming community.

Gfinity Australia is already attracting commercial interest and support, with Alienware, a subsidiary of Dell, secured as the Presenting Partner for the 2018 Elite Series, while HT&E and Gfinity Australia

are partnering with HOYTS Group to build the most technologically-advanced, dedicated esports arena in 2018.

Gfinity Australia strongly supports HT&E's strategic objectives to diversify revenues, grow audience and expand digital capabilities, with the potential to reach a younger audience base and drive growth for HT&E. The business is being led by newly appointed CEO Dominic Remond, formerly the General Manager of the Sydney Sixers with Cricket NSW.

Conversant Media

Conversant Media (Conversant) is HT&E's pure play digital business focused on video, mobile and native content creation.

2017 was a year of strong audience growth across all key brands and metrics, with overall video views up 298 per cent, seven consecutive months of record traffic month on month for unique Australian visitors across Conversant sites, and substantial year-on-year growth in average Australian monthly users across the network of sites per month – up 51 per cent on 2016.

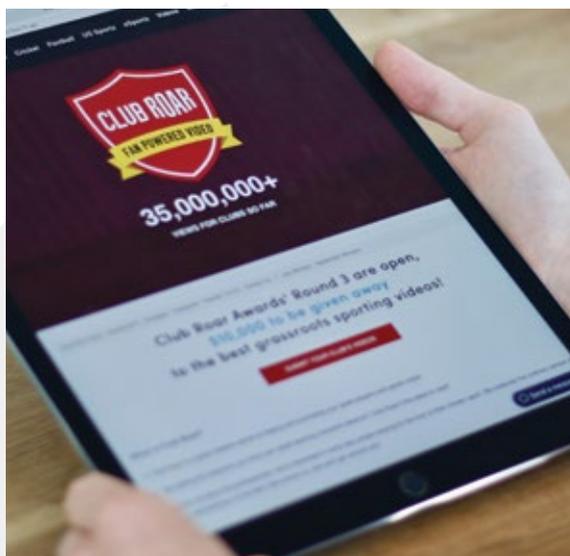
Conversant's revenue performance in 2017 was commendable in a soft market for digital display inventory. To counter this, Conversant pursued new, premium-yield video product opportunities, including the launch of Club Roar, a market-first platform for fan-powered video content. In eight months, over 5,000 videos were submitted and were viewed 28 million times. Revenue and EBITDA were \$4.2 million and \$0.3 million respectively, after \$320,000 in Club Roar launch costs.

The Roar also launched the associated Club Roar Awards, boosting its user-generated content and enabling brands to integrate with grassroots sports.

HT&E completed the integration of Conversant and ARN's digital sales teams in 2017, leveraging the opportunity to bundle content, monetise the

1. Newzoo Free 2017 Global Esports Market Report.

2. Emotive 2017 campaign data and Locowise Q1 2017 State of Facebook video study.



Gfinity Australia is focused on the growth area of esports; Conversant Media is bringing its expertise to leverage digital opportunities across the Group.

combined digital assets and audience of over four million unique visitors, respond to briefs through a single touchpoint, and share expertise across businesses.

Emotive

Emotive performance was consistent year on year. Gross margin improved from 57 per cent to 65 per cent and earnings were up 24 per cent, while HT&E referral sales to 31 December 2017 were in excess of \$2 million.

From an audience perspective, the business continued to extend its reach, with 23.8 million minutes of Emotive content consumed in 2017 and 53.5 million video views. Of these, 8.3 million minutes came from 23 million Facebook views, at an average rate of 22 seconds per view. This is 2.2 times the average for Facebook video, demonstrating how well Emotive's content is holding viewers' attention.²

New clients secured in 2017 included Revlon, Danone Murray Goulburn, HelloFresh, Rebel Sport, Bonds, Unilever, Western Sydney University and Champion. Emotive also established external collaborative partnerships in 2017 for pre-testing of content, thereby mitigating creative risk and providing the best result for brands.

In its third year of operation, Emotive continued to establish itself as one of the leading social video content agencies in the country, being awarded Emerging Agency of the Year at both the 2017 B&T Awards and the 2017 Mumbrella Awards, and the APAC Emerging Agency of the Year at the 2017 Mumbrella Asia Awards. Emotive's campaign for Berlei, entitled #DoltForYourself and featuring tennis star Serena Williams, was also awarded for Best Use of Multichannel Social Media in Content Marketing at the 2017 Global Content Marketing Awards.

Hong Kong Outdoor

In 2017, revenue for HT&E's Hong Kong outdoor business was down 4 per cent in local currency to \$25.2 million, as challenging economic conditions continued to prevail. Costs were down 11 per cent in local currency, with the business having been restructured and resized during 2016.

The challenging Buzplay contract, which had a detrimental impact on earnings for five years, expired in June 2017. This, along with Cody's program to pursue strategic contract wins while actively exiting underperforming contracts, has improved the foundation for the business. The advertising contract for the Hong Kong Tramways network of shelters, which was secured for five years and commenced in May 2017, reinforces Cody's position as a premium asset quality outdoor business in Hong Kong.

Revenues in the first quarter of 2018 have been encouraging to date. The business will continue to focus on strict cost management and pursue opportunities to return the operations to profitability.

Corporate Social Responsibility

HT&E prioritises supporting its people, as well as the diverse communities we connect with every day.

Focusing on our people

At HT&E, our people are at the heart of all we do. As a results-driven business, we recognise that the best path to success involves supporting our employees to help us get there. That means fostering positive work environments and a healthy culture across the Group – workplaces that are safe, inclusive, respectful and rewarding, embracing the experience and potential of each team member.

As set out in the Company's Diversity Policy, available on the Company website, HT&E believes that a diverse workforce is essential for it to be able to deliver its strategic objectives and continue to meet its responsibilities to its customers, its employees, the communities in which it works, and its shareholders.

While HT&E's employees predominantly operate in a low-risk environment, with the majority working in standard office environments, the health and safety of teams are of the utmost importance. Adshel, the only operation with a significant external workforce, has recently been recertified under AS/NZ 4801:2001 for occupational health and safety systems.

HT&E encourages a healthy work-life balance, offering flexible work hours, and supporting each business across the Group to implement initiatives that improve the wellbeing of their teams and build a positive employment culture. Examples include Adshel providing discounted healthcare and a company-funded Wellness Day, Conversant Media facilitating regular team sporting activities, and ARN continuing its 'ARN Social' initiatives to provide positive networking and entertainment opportunities.

Attracting and retaining the best employees, with the right skills, are crucial to the business. To support this, several training and development programs were delivered across HT&E in 2017.

ARN's online digital performance management system, 'EmpowerME', continued to track employees' performance and achievements throughout the year, highlighting development needs and opportunities. This was supported by a new, all-staff learning and development program in 2017, Thrive, with a robust training schedule, spanning leadership fundamentals, mental health and resilience, and digital upskilling.

ARN launched a new internship program in 2017 in partnership with Australian Film Television and Radio School (AFTRS), giving top-performing students hands-on experience working alongside ARN's expert radio talent. Students were provided with highly practical radio experience, working with teams across various areas, including producing, panelling, and digital content.

At Adshel, a company-wide learning and development initiative, Connect to Grow, offered communication and sales training sessions, development resources, planning tools and online workshops. Adshel launched a bespoke leadership course, The Leadership Connection, to support retention, build capabilities and align behaviours with the company purpose. In parallel, Adshel invested in a Women in Leadership program to specifically support the development of high-potential female leaders, including one-on-one coaching and skills workshops to further their careers, while strengthening Adshel's senior female talent pipeline.

The annual *Igniting Adshel* staff roadshow brought office-based and field-based teams together from across Australia and New Zealand, to reiterate Adshel's strategy and values, promote cross-cultural understanding, and offer behavioural training to staff. Each quarter, Adshel also hosted its Most Valuable Player Awards, recognising individuals' achievements and contributions. In 2017, Adshel

We value the opportunity to use the power of HT&E's audiences and media assets to give a platform to the community and highlight issues that matter.

was shortlisted in the 'Employer of Choice (100–999 employees)' category at the 2017 Australian HR Awards and was a finalist for the 'Employer of the Year (over 100 employees)' at the 2017 B&T Awards.

Across the Group, HT&E is proud to support those at the start of their media careers, through a partnership with the NGEN program – a Media Federation of Australia initiative to build community networks and offer workshops to nurture and inspire the newest members of the media industry.

Supporting communities, here, there & everywhere

HT&E is committed to supporting the communities in which its businesses operate, giving back through partnerships, media inventory, work experience programs, and community engagement opportunities for employees.

With its unique combination of radio, outdoor and digital media assets, HT&E has the scale to provide valuable support to cause-driven organisations, and welcomes the opportunity to offer a platform to shine a light on important issues and worthwhile fundraising initiatives.

In 2017, HT&E again supported the ASX Thomson Reuters Charity Foundation, contributing to the share portfolio for its annual auction.

**ARN COMMUNITY SERVICE
ANNOUNCEMENTS WORTH
\$3.9m**



ARN'S Goodness Project

In 2017, ARN launched the Goodness Project, a partnership with UnLtd – a foundation bringing together members of the Australian media, marketing and advertising industry to tackle youth disadvantage. ARN committed to support the UnLtd-aligned charities Musicians Making a Difference (MMAD) and batyr, focusing on preventative education in youth mental health.

Harnessing the skills and creativity of its people, ARN executed ideas to build awareness of these charities, raising more than \$60,000 for batyr, and will be supporting MMAD in 2018 with ongoing fundraising. As part of ARN's commitment, a charity day was offered to all employees, encouraging them to devote time and skills to support these or other community initiatives, providing an ongoing opportunity for employees to volunteer and raise funds for causes that matter to them.



Adshel & Brotherhood of St Laurence work experience program

As part of Adshel's Diversity, Inclusion and Flexibility Program for 2017, Adshel partnered with anti-poverty community organisation, Brotherhood of St Laurence (BSL), implementing a work experience program to help disadvantaged youth return to the workforce. Six participants joined the Adshel Melbourne operations team for workplace demonstrations and career discussions, with two participants then spending a week with Adshel to gain practical work experience.

To coincide with the program, Adshel ran a roadside advertising campaign for BSL in Victoria and the ACT. The 'Job Hunter Not Dole Bludger' campaign aimed to challenge the inaccurate and negative stereotypes of young unemployed people, supporting the organisation's advocacy efforts by shining a light on an important social issue that affects many young people in the community.

Corporate Social Responsibility



ARN delivered \$3.9 million worth of community service announcements to promote Australian charities and community initiatives on-air. The Family Peace Foundation, Mission Australia, The Australian Red Cross, Ovarian Cancer Australia, National SIDS Council of Australia, UNICEF Australia, Sony Foundation Australia, Planet Ark Environmental Foundation, Kidney Health Australia, and Breast Cancer Network Australia were among those that benefited from charitable campaigns across ARN's platforms.

ARN continued its support of the Sydney Children's Hospital Foundation, with WSFM breakfast radio hosts, Jonesy & Amanda, leading the annual Gold Telethon campaign, supported on-air and across digital and social media, and backed by a significant Adshel outdoor campaign. ARN once again partnered with Red Nose Day, supporting the foundation via ARN's channels, including iHeartRadio and Little Rockers Radio, to create a dedicated Red Nose Day radio station to promote their message and fundraising initiative, further supported by ARN's on-air talent.

Adshel supported not-for-profit organisations in 2017, providing out-of-home media space for 18 campaigns across Australia and New Zealand, equating to over \$1 million in media value. Charities including the McGrath Foundation, SPCA New Zealand, McHappy Day for Ronald McDonald House, and Red Nose Day were some of the beneficiaries of this media support.

As part of its ongoing partnership with Surf Life Saving New Zealand (SLSNZ), in early 2017 Adshel delivered multilingual outdoor creative, to reach specific diverse communities with SLSNZ's important safety messages. Adshel NZ also

partnered with Wellington City Council and the Urban Art Foundation in a joint community initiative, The Urban Art Series, using the Adshel Live digital network to bring national art out of galleries and onto the streets of Wellington.

HT&E's digital publishing business Conversant Media delivered seven campaigns for not-for-profit organisations in 2017 across its websites, including support for Surf Life Saving Australia and Movember Foundation. Paid campaigns for the New South Wales Government's 'Pretty Shady' skin cancer awareness initiative and the Federal Government Department of Health's anti-tobacco campaign also ran across Conversant Media's assets.

Conversant brand The Roar launched the Club Roar Awards, an initiative to give back to local sporting clubs and highlight up-and-coming sporting talent, by rewarding everyday Australian sports fans with a share of \$10,000 in prize money for publishing videos of their best and worst sporting moments. Two rounds of Awards ran in 2017, with Club Roar videos amassing over 28 million total views, and enabling brands to integrate with and support grassroots sports.

In addition to its organisational sponsorships, HT&E supports its employees in fundraising and volunteering for charitable causes. Adshel's Together Giving Back program grants its employees \$250 to donate to their nominated charity, with more than \$20,000 of donations made during the year, as well as offering an annual charity day to undertake volunteer work in their local communities. In 2017, ARN launched the Goodness Project, an initiative which similarly offers a charity day for ARN employees (refer to previous page).



**ADSHEL MEDIA
INVENTORY
WORTH OVER**

\$1M

**SUPPORTING 18
NOT-FOR-PROFIT
ORGANISATIONS**

Images from left: 97.3FM's Bianca, Terry and Bob support Red Nose Day; Adshel has pioneered some of the industry's best recycling programs.

Environmental initiatives and sustainable solutions

HT&E recognises that implementing best practice environmental initiatives is not only good for the planet, but also makes good business sense. As a media organisation, we understand our responsibility to demonstrate leadership in this space, always complying with relevant legislation and seeking to implement sustainable solutions.

Since the demerger of NZME in June 2016 and the sale of HT&E's regional newspaper business in December 2016, HT&E's asset base, range of work environments and by-products have substantially changed. As a result, HT&E's environmental impact would have lessened.

Adshel has a field operations team to maintain its national network of bus shelters. It produces over 350,000 paper posters each year and has specific energy usage requirements. Adshel's environmental management system is measured and is certified against ISO 14001:2015 for environmental management systems. While Adshel is generally not regarded to be exposed to climate-related risks that could have a material impact on its operations and performance, the business remains committed to finding environmentally-sustainable solutions in its operations.

Adshel's environmental management approach is informed by detailed policies and processes, underpinned by a firm commitment from the Executive Leadership Team, who have championed numerous national sustainability and efficiency projects. Initiatives include the ongoing installation of solar-generating solutions in suitable sites, and a proactive investment in LED lighting systems for

advertising assets, with the dual benefit of reducing power draw by 80 per cent and better illumination of the product. The combination of this best-in-class solar LED technology along with new, improved battery products, means a bus shelter can be built and powered in a self-sustainable way. More than 4,000 of Adshel's bus shelters now operate with 100 per cent solar energy.

Adshel designs its street furniture for a life cycle of at least 20 years, manufacturing to strict standards. Adshel has also taken an innovative approach in the treatment of high-volume materials used in the maintenance of its national shelter network, pioneering some of the industry's best recycling programs, including a national steel and aluminium recycling program, and a national paper and poster recycling and repurposing program.

Adshel partnered with Suez Australia in 2015 to find a way to reuse shattered safety glass. Together they found a solution, repurposing the glass for use in road base construction products, reducing by-product landfill waste disposal. The success of this pilot in the last two years has led to Adshel extending the project nationally, with a target of zero glass waste disposal.

Adshel continues to use purified, chemical-free water for shelter cleaning, with a low-voltage and low-pressure system to reduce water consumption and runoff. The cleaning process using this equipment is also five minutes quicker per shelter, leading to a significant saving in people power.

The business continues to invest in and explore new ways to minimise energy consumption and to reuse and recycle all by-products to help protect the environment.

Senior Management Team



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Ciaran Davis ⁽¹⁾

CEO & Managing Director, HT&E

Ciaran Davis is the CEO & Managing Director of HT&E and responsible for the strategic and operational direction of the business. He was promoted to the position in August 2015 from his role as CEO of Australian Radio Network (ARN) where he spent five years repositioning the business to become the number one metropolitan radio operator in Australia. Responsible for the recruitment of leading talent to the network and strategic investments such as 96FM and iHeartRadio, Ciaran established a new management team and drove a culture of ambition and success throughout the business. Ciaran joined ARN as CEO in January 2010 from Communicorp Group Ltd in Ireland, where he spent 10 years working in executive leadership roles across the group's radio and media interests in Europe and the Middle East. Ciaran is also the Chairman of social video content marketing agency Emotive, and is a Board member of Gfinity Australia, Soprano Design, Unbnd Group and The Australian Ireland Fund. Ciaran was appointed as Managing Director of HT&E in August 2016.

Jeff Howard ⁽²⁾

Chief Financial Officer, HT&E

Jeff Howard joined HT&E in 2010 and was appointed Chief Financial Officer in December 2012. Jeff spent more than nine years with ABN AMRO and RBS in corporate lending and broader relationship banking roles that included a focus on the telecommunications and media sectors. Prior to this, Jeff was with KPMG where he spent nearly 10 years in audit and project roles, including a secondment to KPMG's Philadelphia practice. Jeff completed his Executive MBA with the Australian Graduate School of Management in 2005, and is a Graduate of the Australian Institute of Company Directors and a Chartered Accountant. Jeff is a Director of Soprano Design, Gfinity Australia and Unbnd Group, and was previously a Director of Lux Group (formerly Aussie Commerce).

Yvette Lamont ⁽³⁾**Group General Counsel and Company Secretary, HT&E**

Yvette Lamont has been Group General Counsel and Company Secretary of HT&E since 1998. She was previously General Counsel of pay television company Australis Media Limited (Galaxy), a Senior Associate with law firm Allens (in the Media and Technology Group) and a solicitor with boutique law firm Boyd, House & Partners specialising in media law. Yvette is a member of the Media and Communications Committee of the Law Council of Australia and a Graduate of the Australian Institute of Company Directors, and has completed the Company Meetings and Company Secretarial Practice courses with the Governance Institute of Australia. She is admitted as a solicitor to the Supreme Court of New South Wales and the High Court of Australia.

Tony Kendall ⁽⁴⁾**Chief Revenue Officer, HT&E (from 3 April 2017); Chief Executive Officer, ARN (until 3 April 2017)**

Tony Kendall is Chief Revenue Officer of HT&E, having been appointed in April 2017. Tony commenced his previous role as Chief Executive Officer (CEO) of ARN in December 2015. Tony joined ARN from Bauer Media where he spent almost three years as Director of Sales. He joined Bauer in early 2013 from News Corp Australia where he spent over 23 years in senior commercial management roles across Melbourne, Sydney and New York, including a year as the CEO of the Australian magazine division. Tony is also a Director of the Melbourne Fashion Festival (since 2010).

Mike Tyquin ⁽⁵⁾**Chief Executive Officer, Adshel (from 3 April 2017)**

Mike Tyquin joined Adshel in May 2014 as Chief Commercial Officer and commenced as Chief Executive Officer (CEO) on 3 April 2017. Over more than 20 years, Mike has held a range of senior executive positions in the out-of-home advertising industry including over nine years at Network Ten's out-of-home business EYE Corp (EYE). During his time at EYE, Mike led the operations in South East Asia before spending five years as CEO of Australia and New Zealand. Mike is a director of industry bodies OMA (Outdoor Media Association) and MOVE (Measurement of Outdoor Visibility and Exposure).

Rob Atkinson ⁽⁶⁾**Chief Executive Officer, ARN (from 3 April 2017); Chief Executive Officer, Adshel (until 3 April 2017)**

Rob Atkinson is Chief Executive Officer (CEO) of ARN, having been appointed in April 2017. Rob joined Adshel in his previous role as CEO in November 2011, having previously held the position of Chief Operating Officer of Clear Channel UK. Rob originally joined Clear Channel as Sales Director in 2005, before being promoted to Group Sales Director and then Managing Director in the same year (2008). Prior to joining Clear Channel, Rob held various senior sales roles at Associated Newspapers in both London and Dublin and won the prestigious Campaign Magazine UK Sales Leader of the Year in 2009. As CEO at Adshel, Rob pioneered the launch of the world's first national digital street furniture network, as well as the biggest national deployment of beacons in the world. In the past four years, he has been shortlisted twice, for both Australian CEO of the Year, and Media Executive of the Year, by the prestigious CEO Magazine.

Zac Zavos ⁽⁷⁾**Chief Executive Officer, Conversant Media**

Zac Zavos co-founded Conversant Media in 2007, a digital media company that produces engaging premium sites that include Australia's leading sports opinion website, The Roar, the renowned global culture website, Lost At E Minor, and the tech and lifestyle website, Techly. Prior to this, Zac spent nine years in digital consulting with several firms including IBM (1998 to 2001), Deloitte (2002 and 2003) and ThoughtWorks (2005 to 2007). Zac has a Bachelor of Arts (Psychology & Sociology) and Master of Commerce (Information Systems & Management) from The University of New South Wales.

Board of Directors



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Peter Cosgrove ⁽¹⁾ Chairman

Peter Cosgrove was appointed to the HT&E Board in December 2003. He is the founder of the Buspak group of companies in Australia, New Zealand and Hong Kong and has more than 20 years' experience in the broadcasting, publishing and outdoor advertising industries. Peter is Non-executive Chairman of Buspak Hong Kong (since 2003) and Non-executive Deputy Chairman of Clear Media Limited (Director since 2001), which is listed on the Stock Exchange of Hong Kong. Peter was also a Director and is a shareholder of MediaCap Pty Limited. He was previously Chairman of Globecast Australia Pty Limited (2002 to 2015), a broadcasting company based in Sydney.

Responsibilities: Non-executive Director, Chairman of the Board of Directors (since 2013) and Chair of Nomination and Governance Committee.

Ciaran Davis ⁽²⁾ CEO & Managing Director

Refer to biography on page 18.

Paul Connolly ⁽³⁾ Non-executive Director

BComm, FCA

Paul Connolly was appointed to the HT&E Board in October 2012. Paul has 25 years' experience advising on mergers and acquisitions, takeovers, disposals, fundraisings and initial public offerings. Since 1991, Paul has been Chairman of Connolly Capital Limited, a Dublin-based corporate finance advisory firm focused on the telecom, media and technology sectors. He was a Director of Esat Telecommunications Limited (Esat Telecom), an Irish telecommunications company, from 1997 to 2000, and then a Director of Digicel Limited, a Caribbean-based telecommunications company. In addition, he was a Director of Melita plc from 2007 to 2016. From 1987 to 1991, Paul held the position of Financial Controller of Hibernia Meats Limited and prior to that, he worked with KPMG as an accountant. Paul holds a Bachelor of Commerce degree from University College Dublin, Ireland, and is a Fellow of Chartered Accountants Ireland and a member of Executive Summit at Stanford Graduate School of Business. Currently, Paul serves on the Boards of Communicorp Group and Independent News & Media PLC and is Chairman of Tetrarch Capital Limited, the private Irish media group Business & Finance and UNICEF Ireland. Paul is also an external Senior Advisor to Credit Suisse.

Responsibilities: Non-executive Director and Member of Audit & Risk, Remuneration and Nomination and Governance Committees.

Peter Cullinane ⁽⁴⁾**Non-executive Director**

MBA, MMgt

Peter Cullinane was appointed to the HT&E Board in November 2013. He was the former Chief Operating Officer of Saatchi & Saatchi Worldwide (1998 to 2002) as well as the company's Chief Executive, New Zealand and Chairman, Australasia for over eight years prior. He is a respected force in global advertising and marketing who brings extensive industry knowledge, as well as expertise in Australasian and global markets, to the Board. Based in Auckland, Peter is the founder and Chairman of Lewis Road Creamery Limited, a fast growing, high-profile, dairy-based packaged goods business. He is a Director of NZME Limited (and was appointed Chairman in December 2017), a retired Director of WPP AUNZ Limited (2010 to 2016) and a retired Director of SKYCITY Entertainment Group (2008 to 2015), where he was Chairman of the Corporate and Social Responsibility Committee and a member of the Governance and Nominations Committee.

Responsibilities: Non-executive Director and Chair of Remuneration Committee.

Christine Holman ⁽⁵⁾**Non-executive Director**

MBA, GAICD

Christine Holman was appointed to the HT&E Board in November 2015 and brings a strong understanding of digital media and technology with over 20 years' experience across the technology, private equity and digital sectors in a variety of functions including finance, commercial, technology and marketing.

Christine was formerly the Commercial Director at Telstra Broadcast Services and was a member of their Executive and Remuneration Committees. Christine joined Telstra (as a result of its acquisition of Globecast Australia) where she was the Chief Financial Officer and Commercial Director.

Christine spent seven years at Capital Investment Group assisting management and the boards of investee companies on strategy, business development and mergers and acquisitions. She has an MBA from Macquarie University and a Post Graduate Diploma in Management from Macquarie University and is a Graduate of the Australian Institute of Company Directors.

Christine is a Non-executive Director of CSR Limited and The Bradman Foundation. Christine is also a Non-executive Director of the State Library of NSW Foundation (since February 2017) and T20 World Cup 2020 Cricket Board (since January 2018).

Christine was a Director of Vocus Group Limited (from August 2017 to November 2017).

Responsibilities: Non-executive Director and Member of Audit & Risk and Nomination and Governance Committees.

Anne Templeman-Jones ⁽⁶⁾**Non-executive Director**

BComm (UWA), EMBA (AGSM UNSW), MRM (UNSW), CA, FAICD

Anne Templeman-Jones was appointed to the HT&E Board in June 2013.

Anne is an experienced listed company non-executive director, currently serving on the boards of GUD Holdings Limited, Citadel Group Limited (since September 2017), WorleyParsons Limited (since November 2017) and Cuscal Limited, and the Chairman of the Commonwealth Bank's financial advice companies. Anne was formerly a director of Pioneer Credit Limited, TAL Superannuation Fund, Notre Dame University and HBF's private health and general insurance companies.

Anne had a 30-year executive career developing deep operational, risk, governance and strategy experience. Early in her career she held audit and accounting roles with PricewaterhouseCoopers working in Australia and overseas. She gained experience in corporate banking with Bank of Singapore (OCBC Bank) and then Westpac Banking Corporation, and in private banking with Australia and New Zealand Banking Group. Anne returned to Westpac in 2007 and went on to hold various senior management positions in private banking, risk and strategy until 2013. Her depth of experience has enabled her to serve as a Chair or member of audit and risk committees on current and past boards.

Responsibilities: Non-executive Director, Chair of Audit & Risk Committee and Member of Remuneration Committee.

Five Year Financial History

The below reflects the operations of the Group and should be read in conjunction with the 2017 financial statements, together with the accompanying notes. Certain comparative financial information for 2017 has been restated for the share consolidation and the bonus element included in the 2016 equity raisings.

The Balance Sheet at 31 December 2016 does not include the assets and liabilities of the entities divested as part of the demerger of NZME and the entities disposed as part of the ARM sale. It does include the assets and liabilities acquired as part of the purchase of the remaining 50 per cent of Adshel and the acquisition of Conversant Media. Equity for 2016 was impacted by the demerger of NZME and equity raisings.

Several financial measures are used by the Group to monitor financial performance against the overall strategy, including profit after taxation attributable to members for the parent entity and underlying EBITDA.

	2017 \$'m	2016 \$'m	2015 \$'m	2014 \$'m	2013 \$'m
Income statement					
Total revenue ¹	472	658	850	843	817
EBITDA ²	118	91	166	164	163
Depreciation and amortisation	38	8	35	33	33
EBIT ³	80	83	131	131	130
Net interest expense	9	18	32	36	33
Adjusted net profit ⁴	43	63	70	75	60
Statutory net profit/(loss)	(117)	(6)	(10)	11	3
NPATA ⁵	54	66	78	81	64
Balance sheet					
Equity excluding non-controlling interests	586	801	426	434	359
Total assets	1,028	1,145	1,134	1,129	1,255
Total borrowings	134	163	477	497	457
Net debt	115	143	456	458	437
Statistical analysis					
EBITDA/total revenue ¹	25.1%	20.0%	19.6%	19.3%	18.5%
Net debt/EBITDA (times)	1.0	1.2	2.7	2.8	2.7
Interest cover based on EBITDA (times)	14.9	9.8	5.2	4.5	4.9
Basic earnings per share (cents) ⁶	13.9	31.4	44.4	49.5	50.2
Basic earnings per share based on NPATA (cents) ⁶	17.6	33.1	49.5	53.8	54.2
Dividend per share (cents)	7.0	4.0	-	-	-
Dividend payout ratio ⁷	50%	13%	0%	0%	0%
ROIC ⁸	13.4%	9.6%	17.3%	17.2%	19.1%
No. of shares on issue ('000)	308,912	307,494	1,029,041	1,029,041	661,527
No. of shareholders ⁹	6,449	6,640	6,818	7,166	8,270
Market capitalisation (\$'m)	581	873	545	859	298
Market price per share at 31 December	\$1.88	\$2.84	\$0.53	\$0.83	\$0.45

(1) Total revenue including discontinued operations.

(2) Earnings before interest, tax, depreciation and amortisation from continuing operations and before exceptional items.

(3) Earnings before interest and tax from continuing operations and before exceptional items.

(4) Net profit attributable to owners of the parent entity after tax and before exceptional items.

(5) Net adjusted profit after tax before amortisation and exceptional items.

(6) Earnings per share are before exceptional items. Comparative EPS has been restated for the share consolidation and the bonus element included in the 2016 equity raisings.

(7) Before exceptional items.

(8) Earnings before interest, tax and depreciation from continuing operations before exceptional items.

(9) As at 31 December.

Corporate Directory

HT&E LIMITED **ABN 95 008 637 643**

DIRECTORS

Peter Cosgrove (Chairman)
Paul Connolly
Peter Cullinane
Christine Holman
Anne Templeman-Jones
Ciaran Davis (CEO & Managing Director)

COMPANY SECRETARY

Yvette Lamont

REGISTERED OFFICE

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BARANGAROO NSW 2000

PRINCIPAL BANKERS

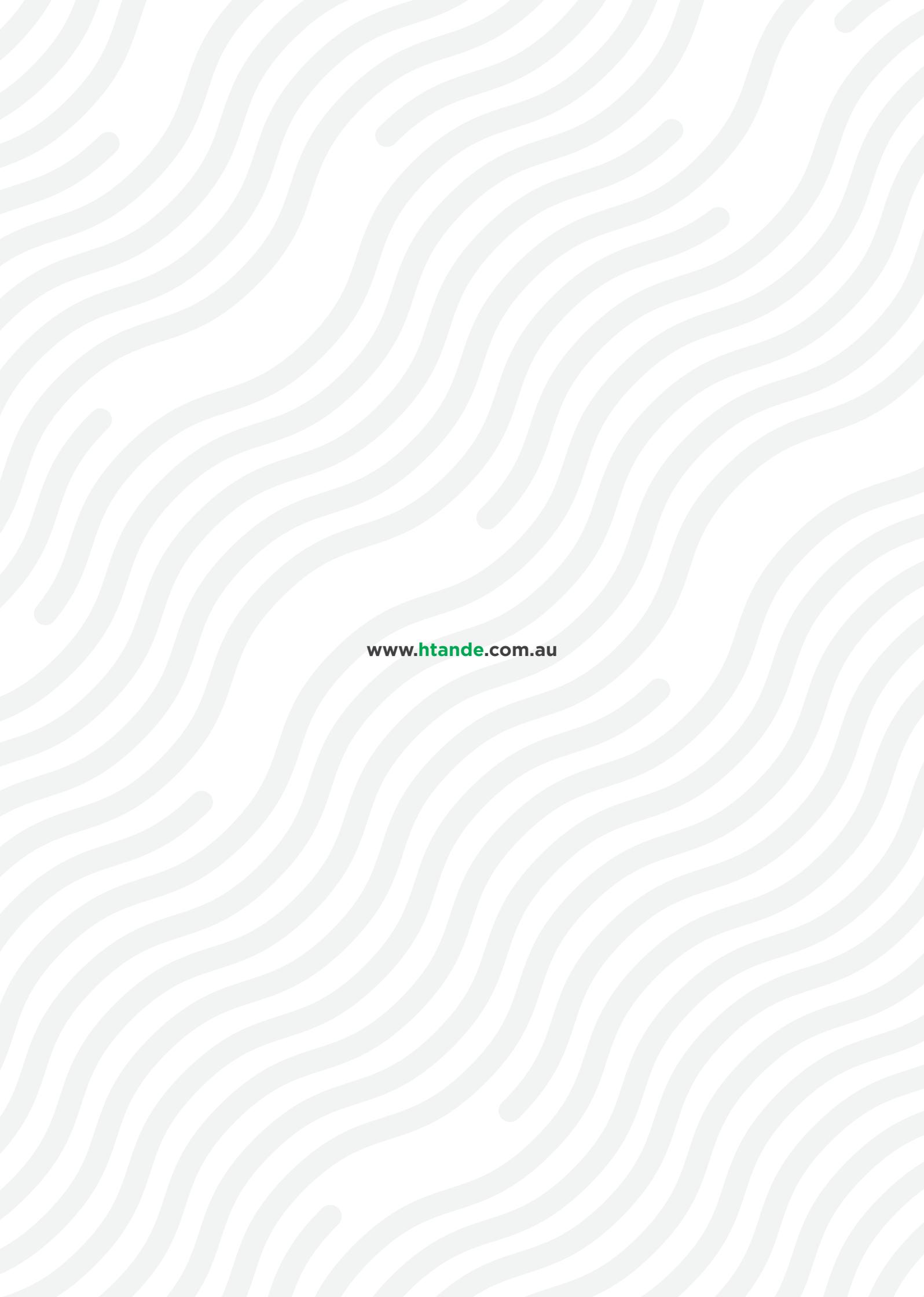
Australia and New Zealand Banking Group
Bank of China
Commonwealth Bank of Australia
Credit Suisse
HSBC
J.P. Morgan Chase Bank
National Australia Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
Westpac Banking Corporation



**Notice is given that the
Annual General Meeting of
HT&E Limited will be held at**

**PricewaterhouseCoopers
Level 17, One International
Towers Sydney
Watermans Quay
Barangaroo NSW 2000
on Monday, 7 May 2018
at 10:00am**





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