MARKET ANNOUNCEMENT

HT&E 2018 FULL YEAR RESULTS

- Statutory revenue from continuing operations up 5% to $271.8 million
- EBITDA[1] of $71.8 million up 7% on prior year and in line with expectations
- EBIT[1] of $67.2 million up 10% on prior year
- NPAT[1] attributable to HT&E shareholders of $36.7 million up 23%
- Strong balance sheet with net cash of $128.4 million
- ARN revenue growth of 3% to $235.5 million, EBIT up 3% to $80.5 million
- Declared fully franked dividend of 4 cps, with a payout ratio of 55% underlying NPAT
- Uniquely positioned to exploit the future of audio entertainment

SYDNEY, 13 February 2019 – HT&E Limited [ASX: HT1] today released its results for the 12 months ending 31 December 2018. Statutory revenue from continuing operations post Adshel sale was up 5% to $271.8 million, and EBITDA on the same basis was up 2% to $72.7 million, largely in line with expectations.

Underlying EBITDA of $71.8 million was up 7% on the prior period and NPAT attributable to HT&E shareholders was up 23% to $36.7 million.

Net cash of $128.4 million provides HT&E with a strong balance sheet post the successful sale of Adshel to oOh!media for $570 million in September 2018. Drawn debt was fully repaid, a fully franked special dividend of $222 million was paid in October 2018, and an on-market share buyback commenced in December 2018.

There has been significant Board renewal during 2018 including the appointment of a new Chairman and highly credentialed, media experienced Directors have joined the Company. Following another year of transformational change at HT&E, the Board is taking a methodical and balanced approach in their assessment of the Company that includes understanding both the opportunities and risks sitting before them.

The board has declared a fully franked dividend of 4 cents per share, with an ex-dividend date of 22 February 2019 and payable on 15 March 2019. Combined with the interim dividend, this represents a payout of approximately 55% of 2018 NPAT attributable to HT&E shareholders from continuing operations (before exceptional items). This is at the higher end of the Company's dividend policy of a 40-60% payout ratio.

HT&E Chairman, Hamish McLennan, said "2018 was a truly transformational year for HT&E with the successful sale of Adshel and a pivot to focusing on the Company's valuable and cash generative radio and audio assets. The Company's financial performance was in line with expectations with a strong first half in radio offset by a weaker advertising market in the last four months of the year."

"Senior Management is dedicated to operational excellence across our radio operations and making sure we have the right people and structures in place is of paramount importance. As part of this approach corporate cost reduction and simplification of the Company is an important focus for the Board."

[1] Before exceptional items and discontinued operations

“The radio industry remains one of the most resilient sectors of Australian media, both from audience engagement and advertising interest, and I expect it to remain so in the foreseeable future. Against this backdrop we are ideally positioned to drive strong ongoing performance for shareholders.”

“HT&E’s strong balance sheet, together with ARN and a number of emerging digital investments, means we are one of the most exciting media businesses in Australia today.”

HT&E CEO & Managing Director, Ciaran Davis, said, “ARN implemented a strategy focused on ratings growth and commercial success in 2018 and ended the year experiencing growth across a number of FM stations, culminating in the highest average ratings in the history of the Company.”

“We saw some growth at the EBITDA line in ARN to $84.6 million and importantly saw a strong EBITDA margin maintained at 36%, highlighting the strength of the business even despite a softer market at the end of 2018.

“It has never been a better time to invest in audio and 2019 will see HT&E focus on ARN’s broadcast, digital, social and streaming suite of assets with a clear vision to create the future of audio entertainment. We have put plans in place to deliver increasing value for shareholders by driving and delivering operational performance across the group.”

ATO Dispute

A number of announcements were made during 2018 with regards to the dispute with the Australian Tax Office (ATO). Amended assessments were received, objections have been lodged and a deposit of $50.7 million was paid to the ATO during the year. The Company intends to fully pursue this matter and remains confident in its position.

FY Financial Performance

A$ million	2018	2017[1]
Revenue before finance income[1]	271.8	259.9
Other income	7.4	7.4
Share of associate profits	0.5	1.3
Costs[1]	(207.9)	(201.6)
Underlying EBITDA[2]	**71.8**	**66.9**
Depreciation and amortisation	(4.6)	(5.7)
Underlying EBIT[2]	**67.2**	**61.2**
Net interest expense	(6.0)	(9.1)
Net profit before tax[2]	**61.2**	**52.1**
Taxation on net profit	(19.0)	(16.2)
Net profit after tax (NPAT)[2]	**42.2**	**35.9**
Less non-controlling interest	(5.5)	(6.2)
NPAT attributable to HT&E shareholders[2]	**36.7**	**29.7**
Exceptional items	0.9	2.2
NPAT from discontinued operations	188.0	(149.4)
NPAT attributable to HT&E shareholders	**225.5**	**(117.5)**
Underlying EPS (cps) [2]	11.9	9.6
Final dividend per share (cps)	4.0	4.0

(1) 2017 revenue and costs restated for impact of accounting policy change
(2) Before exceptional items and discontinued operations

Australian Radio Network

- Radio market grew 3.5% in 2019; 5.9% in H1; 1.3% in H2
- ARN revenue growth of 3% to $235.5m
- EBITDA up 1% to $84.6m, margin maintained at 36%
- Highest average ratings year ever
- Dominance in Sydney with No.1 and No. 2 breakfast shows
- Gold in Melbourne #2 station and KIIS 101.1 building momentum
- Ambition to be clear #1 national radio network

ARN performed in line with the overall radio market with revenue growth of 3% to $235.5 million, which was a good result in a mixed year for the industry. In the first half the market was up 5.9% and then softened considerably in the last 4 months of 2018, with growth of approximately 1.3% in the second half.

Costs were up 3.3% to $150.9 million driven by higher variable cost of sales on higher revenue, increases in promotion and marketing to launch four new shows, and further investment in ARN's non-traditional broadcast product offering. As a result, EBITDA was up 1% to $84.6 million on a healthy EBITDA margin of 36%.

ARN's key on-air talent is locked in for at least the next two years across the KIIS and Pure Gold networks. The Company delivered its best ever ratings result in 2018 and ended the year as the number two national radio network in Australia, less than one share point behind the leader.

In Sydney, ARN dominated FM breakfast, holding the #1 and #2 FM spots for three of the eight surveys. After holding #1 or #2 station positions for six surveys, KIIS 1065 and WSFM ended the year as #2 and #3 station respectively. KIIS 1065's Kyle & Jackie O and WSFM's Jonesy & Amanda achieved outstanding results, with a 10.5% and 9% share respectively.

In Melbourne, ARN made a number of significant changes in 2018. In January KIIS 101.1 breakfast was relaunched with Jase & PJ, whilst in June Gold 104.3 launched the Christian O'Connell Breakfast Show. After expected audience churn, ratings of both shows and their respective stations are improving.

Brisbane remained one of the most competitive radio markets in Australia. 97.3FM ended the year as #4 FM breakfast and 4KQ retained its position as #1 AM station overall, and #2 AM commercial breakfast. Mix102.3 maintained its lead in Adelaide, finishing the year as #1 station, and the #1 FM breakfast show. In Perth the Paul & Lise breakfast show is gaining traction that was reflected in survey 8, in a market dominated by strong standing teams. ARN also successfully launched the new national Drive show, Will & Woody, across the KIIS network in 2018.

The Future of Audio Entertainment

ARN's vision is to create the future of audio entertainment in Australia. iHeartRadio is a key component in ARN's future and a driver of audio content. The iHeartRadio app has now surpassed 1.7 million downloads and has more than 1.1 million registered users generating over 3.5 million hours of listening per month.

Dynamic ad insertion is now common on the iHeartRadio platform, with advertising programmatically inserted based on user profiles. The iHeartRadio app is also being integrated into voice activated products including Apple CarPlay, Android Auto and smart speakers including Google Home and Amazon's Alexa.

Ciaran Davis said, "ARN's ambition is to create a future for audio entertainment that resonates with both listeners and advertisers. We have strong digital platforms that are growing in relevance and we are making investments in new technologies and data that sit alongside our key radio brands to better engage and influence audience behaviour and advertiser solutions."

Hong Kong Outdoor (CODY)

Hong Kong Outdoor delivered a standout performance in 2018, where the business successfully returned to profitability for the first time since 2015. Revenue was up 20% in local currency to HK$180.9 million, driven by effective monetisation of the streamlined contract portfolio and selective upgrading of premium tram shelters. Strict cost management saw cost savings of HK$11 million, delivering EBITDA of HK$7.2 million for the year, compared to a loss of HK$10.2 million in 2017. As at the end of 2018, Cody has a portfolio of profitable contracts and a lean overhead base.

Digital Investments

In 2018, Gfinity Australia launched its inaugural Elite Series to much success. Across two seasons Gfinity hosted 14 weeks of competition for six teams playing three leading game titles. The season was broadcast across Twitch, Facebook, Twitter, YouTube and Ten Network from a purpose built esports arena developed in conjunction with HOYTS. The tournament engaged with a harder-to-reach younger audience of nine million and secured meaningful sponsorship revenue.

Trading Update

Trading in 2019 is broadly in line with 2018 against strong comps. We are seeing improved briefing activity after a soft last four months of 2018, however remain cautious with federal and state elections during 2019.

We have commenced the integration of the corporate and ARN cost bases and continue to pursue cost savings across the group.

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