



Full Year Results 2017

HT&E Limited
ABN 95 008 637 643



Agenda

- Executive summary
- Financial performance
- Operational summary
- HT&E in 2018
- Q&A
- Appendices

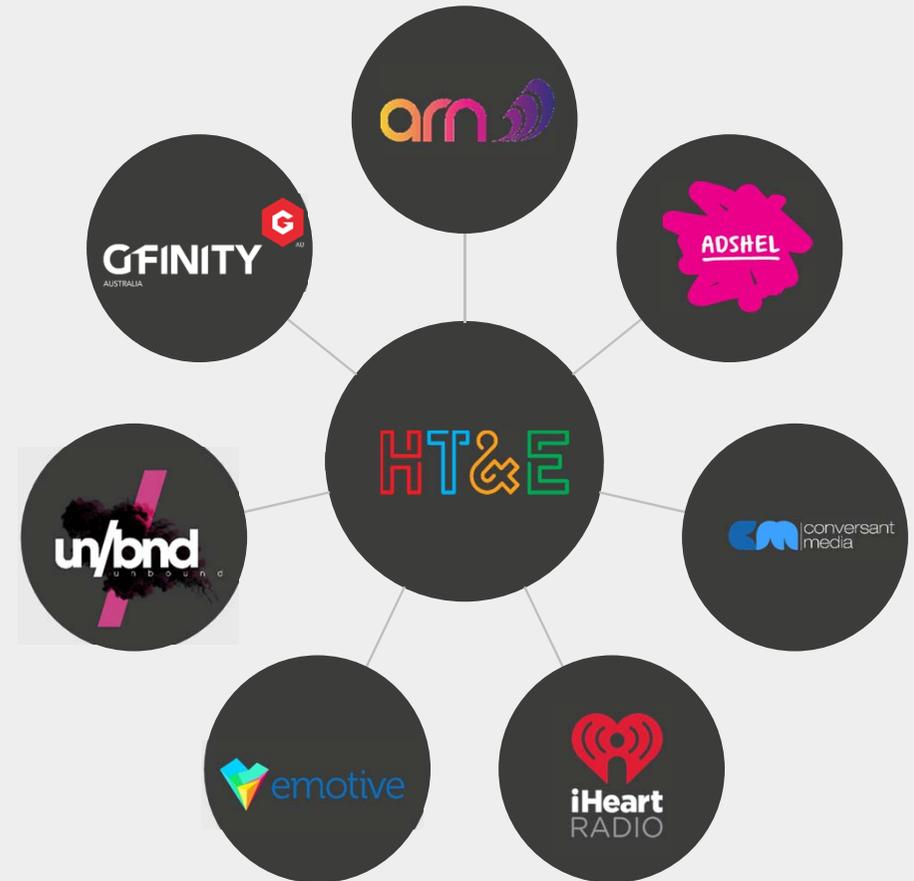


To view a **video update** from HT&E CEO & Managing Director, Ciaran Davis, related to the 2017 Full Year results, [click here](#) or go to investorcentre.htande.com.au

Executive Summary

Executive summary – HT&E 2017

- Group revenue \$472.3m; EBITDA \$118.4m – in line with guidance
- Strong H2 performance at ARN continuing into H1 2018
- Adshel EBITDA +11.3% to \$51.5m; actions being taken to mitigate \$15m EBITDA impact disclosed in October
- Adshel Australia non-cash impairment charge of \$163m
- Strong balance sheet, net debt < 1x EBITDA; sufficient undrawn limits available to cover tax exposure
- Final dividend in line with prior year at 4cps



2017 Operational overview

ARN

- Ratings improvement and market share gain in H2
- No. 1 metropolitan radio network
- H2 revenue growth 5.1% vs market of 1.7%
- iHeartRadio – 1m+ registered users
- Dynamic ad insertion monetisation commenced

Adshel

- Largest street furniture network in Australia and NZ
- Will re-establish only national digital street furniture network in AU and NZ
- Secured MTM contract (7 years) and several strategic mid-tier contracts renewed
- Strengthened data and insights capability with key partnerships
- Innovative new trading packages and progress towards automation of OOH buying/selling

Digital

- Emotive – EBITDA +24% (to \$0.9m); revenue source for ARN & Adshel
- Record audience and video growth across Conversant Media sites
- Established HT&E Events, initially targeting esports
- Small investment in Unbnd – profitable digital communications business specialising in VR and new technology

HT&E Group

- Marketing In Motion research resonating, with strong case study feedback
- Hong Kong Outdoor – won HK Tramways shelter contract (5 years)
- Strategic review completed; shareholder value maximised through retention at this time
- Actions taken to reduce Corporate costs



Financial Performance

2017 statutory financial result

- Statutory result impacted by acquisitions in 2016:
 - Revenue increase of \$174m – \$161m acquisition related
 - Costs increase of \$138m – \$126m acquisition related
 - Depreciation: acquired \$11m, digital growth ~\$3m
- Effective tax rate is ~31%; amortisation now disclosed net of tax
- Impairment of Adshel Australia intangibles of \$163m
- Underlying EPS¹ was 13.9 cents per share; P/E ~11x
- Final dividend of 4c brings full year payout to 40% of NPATA before exceptionals. The DRP has been suspended at this time

A\$ million	2017	2016
Revenue before finance income	472.3	298.6
Other income	7.4	7.2
Share of associate profits	1.3	9.3
Costs	(362.5)	(224.1)
Underlying EBITDA¹	118.4	90.9
Depreciation	(22.4)	(7.4)
Underlying EBITA¹	96.0	83.5
Net interest expense	(9.0)	(17.7)
Net profit before tax and amortisation¹	87.0	65.9
Taxation on net profit before amortisation	(26.7)	(16.9)
Net profit after tax and before amortisation (NPATA)¹	60.3	48.9
Less non-controlling interest	(6.2)	(6.6)
NPATA attributable to HT&E shareholders¹	54.1	42.4
Amortisation (net of tax)	(11.2)	(0.8)
NPAT attributable to HT&E shareholders¹	42.9	41.6
Exceptional items	(160.4)	203.5
NPAT from discontinued operations	-	(251.1)
NPAT attributable to HT&E shareholders	(117.5)	(6.0)
Underlying EPS (cps) ¹	13.9	20.8
Final dividend per share (cps)	4.0	4.0

(1) Before non-operating items

2017 pro forma financial result

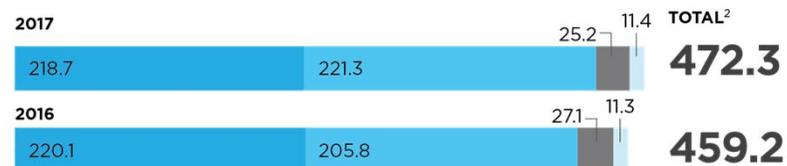
Pro forma result:

\$472.3m
Group revenue
↑3%

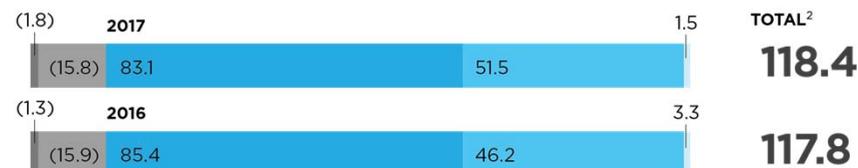
\$118.4m
EBITDA
↑1%

- ARN revenue down 1% and EBITDA down 3%
 - H1 revenue down 6%, EBITDA down 17%
 - H2 revenue up 5%, EBITDA up 9%
- Adshel revenue and EBITDA up 7.5% and 11.3% respectively
 - Q4 impacted by Yarra Trams loss
 - Depreciation up on recent investment and includes \$1m accelerated depreciation on YT panel infrastructure in Q4
- Corporate costs savings implemented for 2018

Revenue (A\$ million)¹



EBITDA (A\$ million)²



■ Corporate ■ HK Outdoor ■ Australian Radio Network ■ Adshel ■ Digital Investments

(1) Proforma basis and before group eliminations

(2) Proforma basis and after group eliminations

Cash flow

- Net operating cash flow \$75m
- Tax payments reflects timing difference in 2017
 - 2018 cash flow to be impacted by timing of tax instalments expected to commence in CY2018 – approx. \$18m
- Capex largely related to Adshel; ARN steady at \$3m
 - 2018 capex ~\$30-40m, subject to contract timing
- Investments includes final iHeartRadio licence payment; esports, Unbnd
- Treasury shares acquired for equity incentive obligations
- Net debt reduced \$28m

A\$ million	2017	2016
EBITDA (continuing operations)	118.4	90.9
Net change in working capital, non cash and exceptional items (see page 10)	(24.0)	(11.8)
Net interest paid	(8.9)	(19.9)
Net tax paid	(10.4)	(23.3)
Net operating cash flow before investing activities	75.2	35.9
Capital expenditure	(15.5)	(15.0)
Investments	(7.1)	(232.3)
Cash received from associates and other entities	0.8	2.2
Net cash flow before financing	53.4	(209.2)
Net debt transferred on demerger	-	93.7
Payments for borrowing costs	-	(0.1)
Payments for treasury shares	(1.8)	-
Dividends paid to shareholders	(18.0)	-
Payments to non-controlling interests	(5.5)	(5.7)
Net proceeds from issue of shares	-	442.7
Net cash flow	28.1	321.3
Net debt at beginning of period	142.7	455.5
Adshel finance lease acquired	-	11.3
Foreign exchange	0.3	(2.8)
Net debt at end of period	114.8	142.7

Cash flow – working capital

- \$16m non-recurring cash flows in 2017
 - \$4m Hong Kong Outdoor onerous contract costs ceased June 2017
 - Reclassification of Hong Kong Outdoor's security deposits (from restricted cash)
 - H1 transaction & demerger costs from prior year transactions (ARM / NZME / Adshel)

A\$ million	2017	2016
Operating cash flow (ARM / NZME)	-	36.2
Net payments related to exceptional items	-	(7.7)
HK Outdoor onerous lease costs	(4.0)	(7.6)
Transaction and demerger costs	(8.1)	(8.3)
Reclassification of HK Outdoor cash deposits	(3.4)	-
Non recurring	(15.5)	12.7
Deduct share of associates NPAT net of cash and dividends from investments and other non cash items	(2.4)	(12.4)
Utilisation of compliance obligation provision	(0.4)	-
Net changes in working capital (continuing operations)	(5.7)	(12.1)
Net change in working capital, non cash and exceptional items	(24.0)	(11.8)

Balance sheet

- Restatement for acquisition accounting, change in accounting policy and associated deferred taxes
- Intangibles includes \$222m value uplift on acquisition
- Loss of Yarra Trams results in a \$163m impairment of goodwill and other intangibles
- ATO dispute: no amount provided at this time

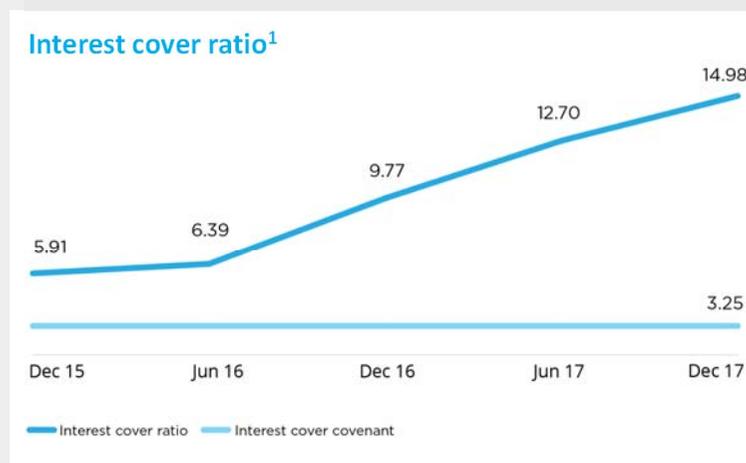
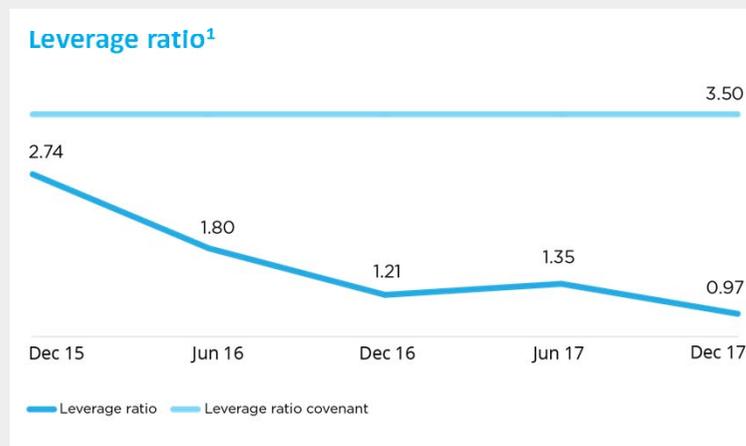
	Reported	Restated	Change
A\$ million	2017	2016	\$
Cash and cash equivalents	18.8	20.2	(1.4)
Receivables	88.9	86.3	2.6
Other current assets	11.7	17.0	(5.3)
Property, plant & equipment	84.1	93.8	(9.7)
Intangible assets	769.2	950.8	(181.6)
Other non-current assets	54.9	44.6	10.3
Total assets	1,027.6	1,212.7	(185.1)
Payables	63.9	88.8	(24.9)
Other current liabilities	34.2	25.3	8.9
Interest bearing liabilities ¹	133.1	161.3	(28.2)
Deferred tax liabilities	150.6	154.4	(3.8)
Other non-current liabilities	23.1	20.5	2.6
Total liabilities	404.9	450.3	(45.3)
Net assets	622.7	762.5	(139.8)
Net debt	114.8	142.7	(27.8)

(1) Shown net of unamortised borrowing costs

Net debt

- Leverage: net debt less than 1x EBITDA; Interest cover nearly 15x
- All in cost of finance on drawn debt is ~5.5%; marginal cost of borrowing ~3.5%
- Debt facility matures July 2019
- Undrawn facility limits of > A\$200m sufficient to cover tax exposure
- \$36m of the ATO “deposit” will be paid today (15th February), balance of \$15m expected mid-March
- Pro forma net debt for ATO deposit of \$51m results in leverage of 1.4 times and interest cover of just over 12 times

A\$ million	2017	2016	2015
Gross debt	133.6	162.9	477.2
Less: Cash	(18.8)	(20.2)	(21.7)
Net debt	114.8	142.7	455.5
Unamortised borrowing costs	(0.5)	(1.6)	(5.8)



(1) Dec 16 adjusted to exclude ARM, NZME and include Adshel and Conversant Media, Jun 16 adjusted to exclude NZME.

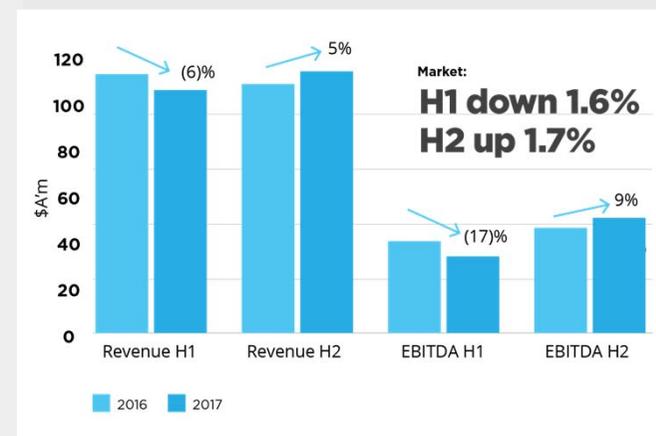
Operational Summary

ARN Financials

- ARN revenue growth:
 - H2 5.1%, compared to market growth of 1.7% offsetting H1 decline
- Direct market down 5%; ARN in line
- H2 Agency growth of 9.5% is a direct result of improved ratings and changes to commercial capability
- Digital offering improving from Conversant Media integration
- Radio licence fees:
 - 2016 'holiday' treated as exceptional
 - 2017 removal booked in H2; \$2.1m relating to H1
- Staff/ talent cost growth from content & digital capability, partly offset by opex savings

A\$ million	2017	2016 ⁽¹⁾	% change
Agency	144.2	145.1	(1%)
Direct	65.4	69.8	(6%)
Digital	9.1	5.2	75%
Total revenue	218.7	220.1	(1%)
Cost of sales	(39.8)	(36.2)	10%
ACMA licence fees	-	(4.6)	(100%)
Staff and talent	(75.5)	(69.9)	8%
Operating costs	(20.3)	(23.9)	(15%)
Total costs	(135.6)	(134.7)	1%
EBITDA	83.1	85.4	(3%)
Depreciation	(4.1)	(3.8)	10%
EBITA	79.0	81.7	(3%)
EBITDA Margin	38%	39%	

(1) Comparatives have been updated to reflect the change in segment disclosure (i.e. excludes Emotive) in the current period



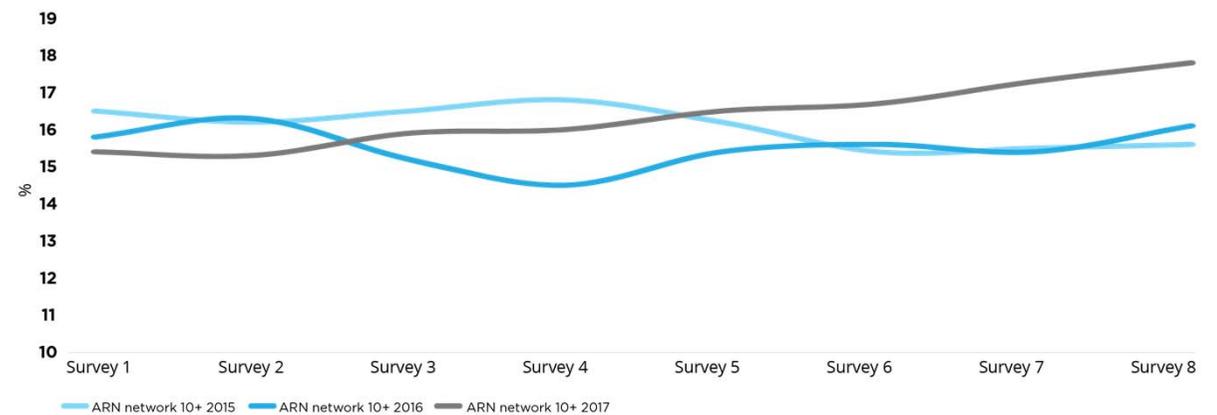
ARN 2017 outcomes

- 2017 #1 national network
- Highest network share ever Survey 8
- Sydney #1FM and #2FM Station – KIIS 1065 and WSFM; Breakfast & whole day (survey 8)
- Melbourne #1FM Station – GOLD104.3 (survey 8)
- Adelaide #1FM Station & Breakfast – Mix 102.3 (survey 8)
- Perth audience share up ~50% year on year (survey 8)
- Biggest opportunity remains in Melbourne

FM Ratings & position by Market

Market	FY17 Market value	2016 FY ave %	2017 FY ave %	s8 2017 share (FM + AM) %	s8 2017 FM ranking
Sydney	\$245m	16.1	17.3	19.6	#1 & #2
Melbourne	\$241m	14.3	15.5	17.1	#1 & #5
Brisbane	\$121m	21.3	19.8	20.6	#3
Adelaide	\$69m	21	21.6	21.7	#1
Perth	\$105m	8	9.5	10.2	#3

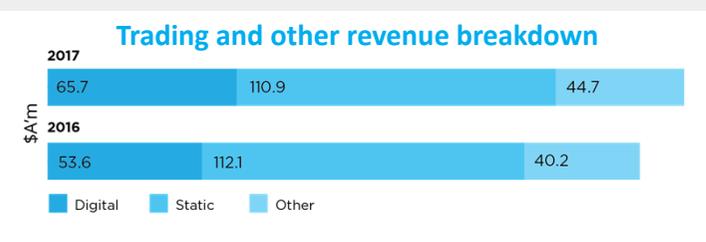
ARN Network – National



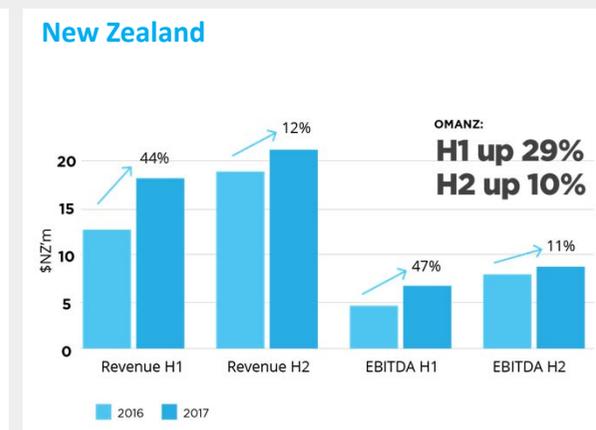
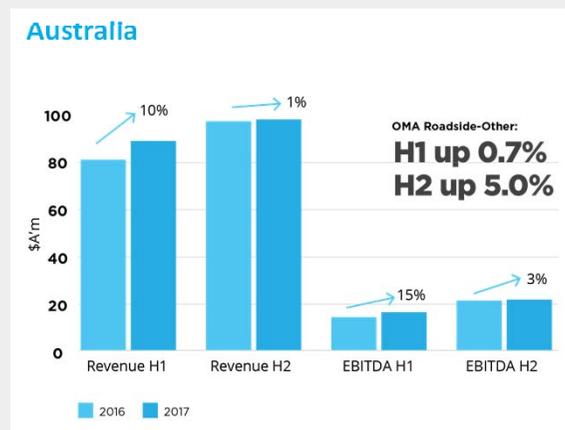
Source: GfK, Surveys 1-8 2017, Surveys 1-8 2016, Mon-Sun 5:30am-12am, All people 10+, SMBAP

Adshel Financials

- Trading revenue growth:
 - AU: up 4.2% vs OMA Roadside-Other segment up 3%
 - NZ: up 24% vs OMANZ market up 18%
- Digital revenue up 23%



- Overall cost growth of 6.4%:
 - Rent growth of 3% mostly variable
 - Staff and other overheads up 10% for investment in data capabilities and back end transformation

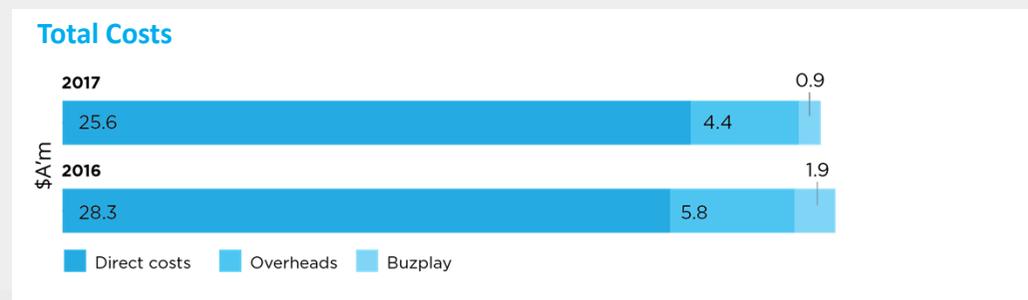


A\$ million	2017	2016	% change
Trading revenue	199.8	187.8	6%
Other revenue & income	21.4	18.0	19%
Total revenue & income	221.3	205.8	8%
Rent	(76.6)	(74.3)	3%
Variable cost of sales	(48.9)	(45.0)	9%
Staff and other overheads	(44.2)	(40.3)	10%
Total Costs	(169.8)	(159.6)	6%
EBITDA	51.5	46.2	11%
Depreciation	(17.6)	(14.3)	23%
EBITA	33.9	31.9	6%
EBITDA margin	23.3%	22.5%	

Hong Kong Outdoor

- Continuing challenging market conditions in 2017
- Improved contract profile:
 - Onerous Buzplay contract expired mid-2017
 - Won Hong Kong Tramways five-year shelter contract (May)
- Strategic review completed: HT&E will continue to operate Hong Kong Outdoor business and focus on returning it to profitability for the benefit of shareholders
 - Q1 revenues starting well; best market conditions for some time
 - To maintain focus on managing costs

A\$ million	2017	2016	% change	Local currency % change
Cody	24.0	24.1	3%	(0%)
Buzplay	1.1	3.0	(61%)	(63%)
Total Revenue	25.2	27.1	(7%)	(4%)
Total Costs	(30.9)	(36.0)	(14%)	(11%)
Utilisation of Buzplay provision	4.0	7.6	(47%)	(45%)
EBITDA	(1.8)	(1.3)	(35%)	(37%)
Depreciation	(0.3)	(0.3)	(0%)	3%
EBITA	(2.0)	(1.6)	(27%)	(31%)
EBITDA Margin	(7%)	(5%)		



Corporate costs

- Group incentives relate to 2015 and 2016 schemes; limited cost for 2017
- Tax dispute costs lower in 2017 given activity levels
- Integration costs cover salaries for certain group roles and establishment costs of research projects, case studies and rebranding
- Changes for 2018:
 - Corporate headcount reduction
 - Integration team pared back; focused on Group revenue generation; cost reduction of ~50% for 2018
 - Board / CEO / CFO 15% salary reductions will benefit 2018

A\$ million	2017	2016	% change
Salary & wages	5.8	5.9	(1%)
Group incentives	1.2	2.2	(45%)
Board costs	0.9	1.1	(12%)
Compliance and advisor costs	2.5	2.6	(3%)
Tax dispute costs	0.7	1.5	(57%)
Overheads (rent, office, other)	2.3	2.6	(10%)
Sub-total	13.4	15.9	(15%)
Integration costs	2.4	-	100%
Total Corporate costs	15.8	15.9	(0%)

HT&E in 2018

HT&E

ARN – aiming to be #1 in every market we operate in

- Grow ratings; gain revenue share; expand digital offering
- Recruit and retain the best talent in Australia
- Strengthen Melbourne
 - Jase & PJ – KIIS 101.1
 - Christian O’Connell – GOLD104.3
- New national KIIS drive show – Will & Woody – commercialisation opportunities
- ARN – building the future of audio entertainment in Australia
- iHeartRadio – key strategic pillar
 - 1m+ registered users; 1.5m+ app downloads
 - New, younger audience not currently broadcast to via FM
 - Expanded audio content; largest podcast library in the country
 - Digital ad insertion to monetise



Adshel – re-establishing national digital street furniture network in 2018

Mitigating \$15m EBITDA impact

- Network revenue impact of Yarra Trams slightly less than estimated to date in 2018
- Management taking actions to further mitigate
 - Redeployment of approx. 100 screens removed
 - Obtaining permits to enable the installation of ~100 digital screens in Melbourne metro and key CBD sites
- *This will re-establish Adshel Live as the only national digital street furniture network in Australia and NZ from April*

Other development activity

- Metro Trains Melbourne contract roll-out – 150 new digital screens in Q2
- Establish rail proposition across Sydney and Melbourne rail
- Capital expenditure - \$30-\$40m
- Submitted EOI for City of Sydney



By end H1 2018 Adshel's digital network will expand to:

300+
digital screens in NZ

750+
digital screens in AU

Esports – Gfinity Australia in 2018

- Establish Gfinity Australia as the premier esports league in the country and move to monetise it
- Significant progress since launch
 - Exclusive HOYTS partnership – dedicated, state of the art arena in Sydney; more to follow
 - Linear and digital broadcast deals to be announced
 - Dell – title sponsor
- CEO appointed; commences 19 February



Marketing in Motion

- Cross-platform solutions targeting non-spending clients
- Research and case studies well-received
- ARN and Adshel working together – key to campaign success
- Greater efficiency of our media to reach target audiences
- Delivered a larger number of people; better effectiveness than TV
- Continue to target TV spends in 2018



- HT&E ran a campaign for **Toyota Corolla**, ahead of an aligned TV campaign
- **Radio & OOH 20% of spend** – achieved **61% of brand impact** vs. TV 80% of spend – 39% share of brand impact
- **HT&E reached 74% of target audience** vs. 54% for TV
- **Radio 10 x more cost efficient than TV** in delivering brand impacts; **OOH 5 x more efficient**
- Media channels working together key to campaign success – **synergy achieved almost half (45%) of all KPIs**



- HT&E was sole media supplier for **CBA** financial planning services campaign
- HT&E achieved **3x more brand impacts for every dollar spent** (compared to Kantar Millward Brown norms), and **reached 81% of target audience**
- Campaign KPI 'delivers what you need for financial advice/planning' **ranked in top third of 115 campaigns** measured by KMB in AU/NZ, despite average spend of those campaigns being **6 x higher**
- **36% of campaign impacts** came from **HT&E's assets working together**

Data from Kantar Millward Brown (KMB) case study research for HT&E, and all campaigns measured to date by KMB in Australia & New Zealand.

Trading Update

ARN

- Momentum from H2 2017 has continued into 2018 with forward bookings indicating similar revenue growth in Q1 2018.
- Talent changes in 2018 are cost neutral with Q1 cost growth tracking slightly ahead of revenue, driven by:
 - cost of sales
 - investment in marketing for new shows
 - continued repositioning of commercial offering
 - reinstatement of prior year temporary savings

Adshel

- With good revenue visibility into Q1, Adshel bookings for the quarter are in line with 2017, after adjusting for Yarra Trams contract-only revenue (~\$5m in Q1 2017) to enable like for like comparison
- Total costs are tracking approximately 9-10% (~\$3-3.5m) lower than Q1 2017, mainly due to savings on fixed and variable rent contracts
- Further updates will be provided at the AGM after the MTM contract goes live in April



Questions?

Appendices

Reconciliation of segment result to statutory result

A\$ million	Segment result		Exceptional items		Statutory result	
	2017	2016	2017	2016	2017	2016
Revenue before finance income	472.3	298.6	-	-	472.3	298.6
Other income	7.4	7.2	-	223.5	7.4	230.7
Share of associate profits	1.3	9.3	-	-	1.3	9.3
Costs	(362.5)	(224.1)	(158.8)	(5.9)	(521.4)	(230.0)
EBITDA	118.4	90.9	(158.8)	217.6	(40.4)	308.6
Depreciation and amortisation	(38.4)	(8.5)	(0.8)	-	(39.3)	(8.5)
EBIT	80.0	82.4	(159.7)	217.6	(79.7)	300.0
Net interest	(9.0)	(17.7)	-	(0.4)	(9.0)	(18.0)
Taxation on net profit before amortisation	(21.9)	(16.6)	(0.4)	(13.7)	(22.3)	(30.3)
Profit/(loss) from continuing operations	49.1	48.2	(160.0)	203.5	(110.9)	251.7
Profit/(loss) from discontinued operations	-	21.1	-	(272.2)	-	(251.1)
Net profit/(loss) after tax	49.1	69.3	(160.0)	(68.7)	(110.9)	0.5
Profit/(loss) attributable to owners of the parent entity	42.9	62.7	(160.4)	(68.7)	(117.5)	(6.0)
Non-controlling interest	6.2	6.6	0.3	-	6.6	6.6
Net profit/(loss) after tax	49.1	69.3	(160.0)	(68.7)	(110.9)	0.5
Amortisation (net of tax)	11.2	3.4	-	-	11.2	3.4
Net profit/(loss) after tax before amortisation	60.3	72.7	(160.0)	(68.7)	(99.7)	4.0
Profit/(loss) attributable to owners of the parent entity	54.1	66.2	(160.4)	(68.7)	(106.3)	(2.6)
Non-controlling interest	6.2	6.6	0.3	-	6.6	6.6
Net profit/(loss) after tax before amortisation	60.3	72.7	(160.0)	(68.7)	(99.7)	4.0

H1 and H2 statutory performance

Continuing operations A\$ million	H1 Revenue			H1 EBITDA			H2 Revenue			H2 EBITDA		
	2017	Local currency	As reported	2017	Local currency	As reported	2017	Local currency	As reported	2017	Local currency	As reported
Australian Radio Network	105.3	(6%)	(6%)	33.2	(17%)	(17%)	113.4	5%	5%	49.9	9%	9%
Adshel	105.0	100%	100%	22.2	>100%	>100%	116.3	60%	60%	29.2	96%	96%
HK Outdoor	11.9	(15%)	(17%)	(1.2)	>100%	>100%	13.2	8%	4%	(0.6)	(32%)	(35%)
Digital Investments	5.8	75%	75%	1.2	(34%)	(34%)	5.6	>100%	>100%	0.3	(70%)	(70%)
Corporate	-	-	-	(9.4)	4%	4%	-	-	-	(6.4)	6%	6%
Group eliminations	(2.3)	>100%	>100%	-	-	-	(1.9)	82%	82%	-	-	-
Total	225.7	75%	75%	46.0	28%	28%	246.7	27%	27%	72.4	35%	35%

Additional financial information

Normalised impact on ARN costs of ACMA licence fee relief recorded in non-operating costs

A\$ million	2017	2016	2015
Cost of sales exc ACMA	(39.8)	(36.2)	(40.9)
ACMA license fees	-	(4.6)	(1.7)
Cost of sales	(39.8)	(40.8)	(42.6)

ACMA impact H1 H2 Split

A\$ million	2017	2016	% change	2015
H1	(70.0)	(69.2)	1%	(67.6)
H2	(65.6)	(60.8)	8%	(68.1)
Costs exc ACMA	(135.6)	(130.0)	4%	(135.7)
H1	(2.1)	(3.1)	(33%)	(0.8)
H2	2.1	(1.5)	>100%	(0.9)
ACMA license fees	-	(4.6)	100%	(1.7)
H1	(72.1)	(72.3)	(0%)	(68.4)
H2	(63.5)	(62.3)	2%	(69.0)
Reported costs	(135.6)	(134.7)	1%	(137.4)

Recognition for statutory purposes

- 25% fee relief for 2015 (\$1.7m) recognised as exceptional in H2 2016; 2016 cost reset to new level
- 2016 licence fee holiday of \$4.6m (announced June 2017) recognised as exceptional item in H1 and \$0.8m in H2 2017
- 100% fee relief for 2017 recognised in COS in H2 2017; \$2.1m relating to H1

Additional financial information (cont.)

Amortisation

Continuing operations (A\$ million)	2017	2016
Amortisation of software and iHeart licence	1.1	1.1
Tax benefit on amortisation of software and licences	(0.3)	(0.3)
Amortisation (net of tax)	0.8	0.8
Acquisition amortisation	14.9	-
Tax benefit on acquisition amortisation (non-deductible)	-	-
Reduction in deferred tax liability	(4.5)	-
Acquisition Amortisation (net of tax)	10.4	-
Total Amortisation (net of tax)	11.2	0.8

Currency

	AUD / NZD		AUD / HKD	
	2017	2016	2017	2016
Full year average	1.079	1.067	5.976	5.776
Period end rate	1.101	1.04	6.098	5.584

Exceptional items

Continuing operations (A\$ million)	2017	2016
Benefit from retrospective application of ACMA licence fee relief	5.4	1.7
Redundancies	(0.7)	-
Net finance costs	-	(0.4)
Net gain on disposal of properties and businesses	-	0.4
Onerous contract and other costs	(0.8)	(4.2)
Transaction costs	(0.3)	(3.4)
Impairment on Adshel goodwill and intangibles	(163.3)	-
Accounting gain on acquisition of Adshel	-	223.1
	(159.7)	217.2
Income tax (expense) / credit on exceptional items	(0.4)	(0.6)
IRD settlement – HT&E allocation (NZ\$16.95m)	-	(15.7)
Write-off of tax losses	-	(2.5)
Exceptional items, net of tax	(160.0)	203.5

Additional financial information (cont.)

- Restatement for:
 - acquisition accounting
 - change in accounting policy
 - associated deferred taxes
- Unallocated intangibles included \$222m valuation uplift on Adshel acquisition
- Impairment of goodwill and other Adshel intangibles of \$163m

Intangibles and deferred tax roll forward					
A\$ million	Goodwill	Amortising intangibles	Unallocated intangibles	Total intangibles	Deferred tax liability
Reported 2016	24.6	377.2	481.0	882.8	9.3
Acquisition accounting	392.8	136.0	(481.0)	47.8	50.9
Change in accounting policy	20.2	-	-	20.2	94.2
Restated 2016	437.6	513.2	-	950.8	154.4
Net additions / increase	-	2.8	-	2.8	2.2
Current year amortisation	-	(16.0)	-	(16.0)	(4.5)
Impairment	(160.7)	(2.6)	-	(163.3)	(0.8)
FX	(3.1)	(1.9)	-	(5.0)	(0.7)
Reported 2017	273.8	495.4	-	769.2	150.6

Digital investments

- Emotive continues to grow:
 - Gross margin improved from 57% to 65%; earnings up 24%
 - HT&E referral sales in 2017 of \$2.1m
- Conversant Media:
 - Strong audience growth YOY across key brands and metrics
 - Video views up 298%
 - Average AU monthly users up 51% YOY
 - Club Roar (launched May 2017): over 5,000 videos submitted, viewed 28m times, with 237,000+ hours viewed
 - Soft market for digital display inventory; revenues flat at \$4.2m
 - Costs higher due to investment (\$320k) in new, premium-yield product opportunities (Club Roar); EBITDA \$0.6m before Club Roar launch costs
 - Radio integration ongoing

A\$ million	2017	2016	% change
Total Revenue	11.4	11.3	1%
Total Costs	(11.2)	(9.8)	14%
Share of associates' NPAT	1.3	1.8	(30%)
EBITDA	1.5	3.3	(55%)
D&A	(0.3)	(0.1)	>100%
EBIT	1.2	3.2	(64%)

Digital investment EBITDA breakdown

A\$ million	2017	2016	% change
Emotive	0.9	0.7	24%
Conversant	0.3	0.8	(64%)
esports establishment costs	(0.4)	-	-
Conversant earn out accrual	(0.6)	-	-
Share of associates' NPAT (Soprano and esports)	1.3	1.8	(30%)
EBITDA	1.5	3.3	(55%)

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