Half Year Results 2018

15th August 2018

HT&E Limited
ABN 95 008 637 643

Agenda

- Statutory Results
- Sale of Adshel
- Operational Performance
- Financial Results
- H2 Priorities and Trading Update
- Q&A
- Appendices

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Statutory Results

- Adshel treated as a discontinued operation and as an asset held for sale in financial statements
- Reported revenue up 10%; EBITDA up 28%
  - ARN's performance continues to improve: EBITDA growth of 7% normalised for benefit of licence fee cuts, 13% reported
  - Strong turnaround in Hong Kong: EBITDA positive for the first half since June 2015
- Net profit after tax to HT&E shareholders on a continuing basis up 57%
- Assuming Adshel was not being sold: Group revenue up 1% and EBITDA up 11%
- Balance Sheet remains healthy with leverage < 1.5x; net debt up on the tax deposit and catch-up on tax instalments
- The Board has declared a fully franked dividend of 3 cents per share

HT&E Reported Result (excluding Adshel)

A$ million	2018	2017[1]	% change
Revenue from continuing operations[1]	137.0	124.8	10%
EBITDA[2]	30.4	23.8	28%
EBIT[2]	27.6	21.2	31%
NPAT attributable to HT&E shareholders[2]	13.5	8.6	57%

HT&E with Adshel as continuing operation

A$ million	2018	2017[1]	% change
Revenue[1]	234.8	232.0	1%
EBITDA[3]	51.0	46.0	11%
EBITA[3]	40.5	36.3	12%
NPATA attributable to HT&E shareholders[3]	22.5	19.2	17%

(1) 2017 revenue and costs restated for impact of accounting policy changes: refer to page 30 for reconciliation
(2) Before exceptional items and discontinued operations
(3) Before exceptional items

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Sale of Adshel

- Sale of 100% of Adshel to oOh!media Limited for $570m (subject to ACCC approval) announced 25th June 2018
- Represents 12.6x pro-forma EBITDA* of $45.4m
- Capital management to comprise approximately $220m special dividend and $55m buyback

Adshel proceeds	A$ million
Enterprise value	570
Transaction costs (estimate)	(15)
Working capital and other adjustments (estimate)	(5)
Net proceeds	**550**
Repay drawn debt	(190)
Proposed capital management	(275)
Net cash	**85**

* LTM Pro-forma EBITDA to May 2018 removes the direct EBITDA contribution of the Yarra Trams contract for the period from June to November 2017 and does not include normalisations or pro-forma adjustments for the full year run rate of the impact of renewals, certain new contracts secured and associated digitization.

H1 2018 Operational overview

ARN

- Strong radio market, up 5.9%
- ARN revenue growth 7.3% (1); winning share
- #1 metropolitan radio network (10+) including DAB+ (s4, 2018)
- #1 and #2 in Sydney
- #1 in Melbourne
- #1 in Adelaide
- #2 in Brisbane; #1 AM
- 96FM in Perth progressing to plan

Adshel

- Network revenue impact of Yarra Trams in first half less than initially estimated
- Either renewed or extended over 80% of contracts(2) expired or expiring in 2018; Brisbane City and City of Sydney Council tenders ongoing
- Key contract digital build programs on-track
- Market leading technology investments delivering innovative products & incremental revenues

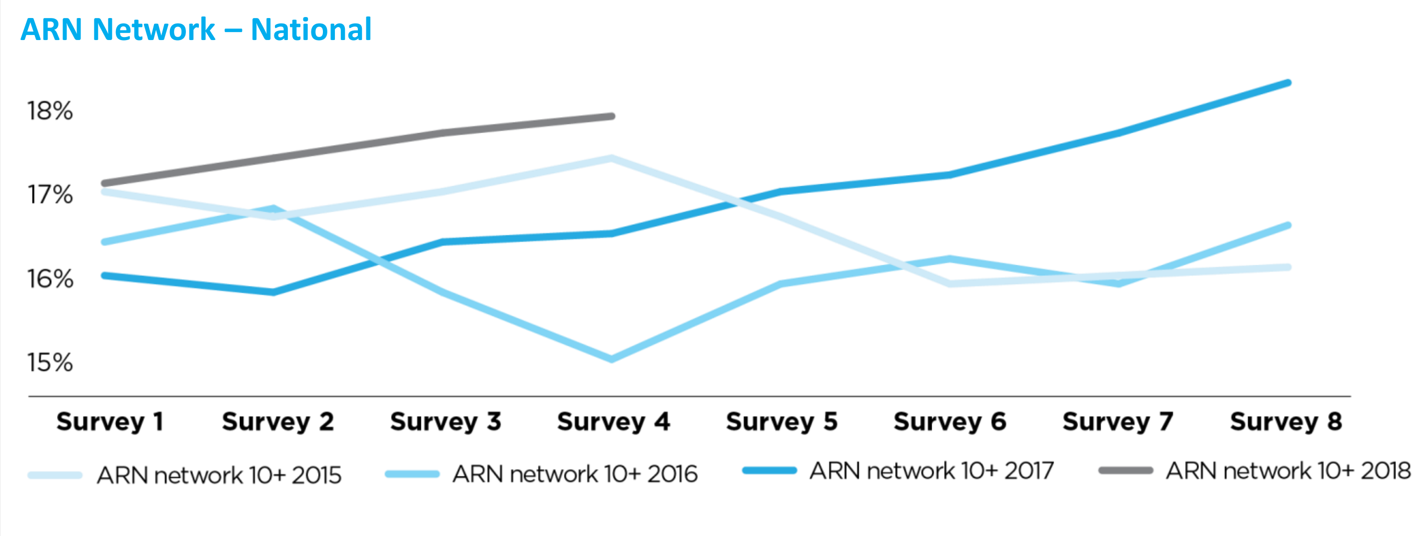
Other

- Hong Kong Outdoor – revenue growth in key cross-harbour tunnel and tram assets; revenue up 24% and costs down 15%, first profitable H1 result since June 2015
- Established Gfinity Elite Series Australia as first city-based esports league in the country; strong sponsor support for 2018 Series
- Conversant – strong growth in video submission and views; challenging revenue conditions
- Corporate costs down to $7.7m for the half

(1) Prior to the impact of accounting policy changes: refer to page 30 for reconciliation
(2) Based on forecast revenue contribution for FY18

ARN H1 2018 outcomes

- Successful launch and integration of 5 new shows
  - 3 x Breakfast
  - 1 x National Drive
  - 1 x National Evening
- Best H1 ratings performance
- Innovative commercial integration
- Australia's leading audio entertainer
  - #1 DAB+ station nationally (The 80s)
  - #1 DAB+ station in Sydney (The Edge)
  - iHeartRadio – 1.7m+ app downloads; 1.1m+ registered users
  - Monetisation of digital audience
  - New podcast genres added – largest podcast library in the country
  - AdsWizz revenue building
  - Exclusive partnership with Sixième Son – global market leader in audio branding



Source: GfK, Surveys 1-4 2018, Surveys 1-8 2017, Surveys 1-8 2016, Mon-Sun 5:30am-12am, All people 10+, SMBAP

THE EDGE 96.ONE BEATS THAT MOVE YOU

THE 80s

Source: GfK, Survey #4, 2018. Results released Tuesday July 10th, 2018. Survey Period: Sun April 22 to Sat June 30.

Adshel – Key build programs restore national digital network offering

- New contracts and key build programs strengthen Adshel network
- Strong advertiser demand for Metro Trains Melbourne (MTM)
  - Approx. 80% of digital assets installed and operational
  - Sydney / Melbourne dual city rail proposition gaining traction
- Melbourne digitization project (PTV) progressing to plan
- Redeployment of ~100 screens across Melbourne metro and key CBD sites by Dec 18
- 23 contracts won, extended or in the process of being renewed, since October 2017; none lost
- Brisbane City Council tender outcome expected in Q4 18
- Revised EOI for City of Sydney contract submitted in July; including Optus partnership for free WiFi

23 contracts won, extended or in the process of being renewed, since October 2017:

- Blacktown NSW
- Mosman NSW
- Ryde NSW
- Strathfield NSW
- Sydney Trains NSW
- Warringah NSW
- Lane Cove NSW *
- Hunters Hill NSW *
- Burnside SA
- City of Adelaide SA
- West Torrens SA*
- Gandel VIC
- Glen Eira VIC
- Highpoint Shopping Centre VIC
- Metro Trains Melbourne VIC
- PTV VIC
- City of Perth WA*
- Joondalup WA
- Peppermint Grove WA
- Wanneroo WA
- Mundaring WA *
- Melville WA *
- Bayswater WA *

* New wins / extensions / approvals since AGM May 2018

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Gfinity Esports Australia – H1 2018 outcomes

- Established Gfinity Elite Series Australia as the first city-based esports league in the country
- Strong partnerships and sponsor support:
  - Dedicated, state of the art arena in an exclusive HOYTS partnership
  - Exclusive online broadcasting deal with Twitch
  - Broadcast partnership with Network Ten's ONE
  - Dell Alienware, Dare Iced Coffee, Logitech as Presenting or Series Partners
- Significant marketing support from ARN and Adshel
- Strong viewership on Twitch:
  - Over 3.25M views, reaching 2018 target; 1.2M unique viewers
  - Over 14M minutes watched
- Rocket League broadcast live on ONE, first for Ten:
  - Cumulative reach of over 1.5M
- Engaged audience on social media with over 5M impressions
- Season 2 of the Elite Series scheduled for November 2018, with Challenger Series to commence mid August.

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Financial Results:
Continuing Operations

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H1 2018 reported financial result

- Revenue from continuing operations up $12.2m (10%) on last year
  - Strong radio and Hong Kong performance offset by soft digital display ad market in Australia
- Costs increased by $5.9m mostly in ARN driven by marketing and cost of sales
- Underlying EBITDA(2) from continuing operations up 28% on last year
- D&A in line with prior year
- Interest savings from lower debt offset by costs associated with tax deposit
- Effective tax rate on continuing operations of 31.5% (2017: 31.3%)
- Exceptional items relate to reversal of provisions associated with acquisition earnout no longer expected to be paid
- Discontinued operations reflects Adshel's operating profit plus the net benefit of a number of exceptional items; refer page 15
- Interim fully franked dividend of 3 cents per share

A$ million	2018	2017[1]
Revenue before finance income[1]	137.0	124.8
Other income	3.2	2.4
Share of associate profits	0.0	0.6
Costs[1]	(109.8)	(103.9)
Underlying EBITDA[2]	**30.4**	**23.8**
Depreciation and amortisation	(2.7)	(2.6)
Underlying EBIT[2]	**27.6**	**21.2**
Net interest expense	(4.1)	(4.6)
Net profit before tax[2]	**23.5**	**16.5**
Taxation on net profit	(7.4)	(5.2)
Net profit after tax (NPAT)[2]	**16.1**	**11.4**
Less non-controlling interest	(2.6)	(2.8)
NPAT attributable to HT&E shareholders[2]	**13.5**	**8.6**
Exceptional items	1.3	3.0
NPAT from discontinued operations	12.4	4.2
NPAT attributable to HT&E shareholders	**27.2**	**15.8**
Underlying EPS (cps)[2]	4.4	2.8
Interim dividend per share (cps)	3.0	3.0

(1) 2017 revenue and costs restated for impact of accounting policy changes: refer to page 30 for reconciliation
(2) Before exceptional items and discontinued operations

Residual business (ARN, Hong Kong, Digital Investments and Corporate) reverting to P&L format reporting EBITDA, depreciation and amortisation, EBIT (refer page 28 of appendix for reconciliation between EBITA and EBITDA formats for current period and last year comparative)

ARN

- ARN revenue growth:
  - Revenue growth in measured markets[(1)] of 7.8% compared to market growth of 5.9%
  - Adoption of new revenue accounting standards adds ~2%
- Direct market down 3.1%; ARN down 5.3%[(1)]
- Agency growth of 13.7%[(1)] compared to agency market growth of 9.6%
- Total costs up 7.4% (10.5% with licence fees like for like)
  - Costs of sales (excluding 2017 license fees) up $2.3m (before rebates)
  - Reinstatement of prior year marketing savings of $2.3m (excluding contra)
  - Other opex increase of $1m due to cost reinstatement including staff recruitment, and training
  - Offset by ACMA license fee savings ($2.1m in 2017)
- EBITDA growth of 7% after normalisation for ACMA licence fees compared to reported 13%

A$ million	2018	2017	% change
Agency	78.6	68.3	15%
Direct	35.1	35.5	(1%)
Digital	4.3	4.2	2%
Total revenue	**118.0**	**108.0**	**9%**
Cost of sales	(21.6)	(18.7)	16%
ACMA licence fees	–	(2.1)	(100%)
Staff and talent	(38.1)	(38.1)	–
Operating costs	(20.6)	(15.8)	30%
Total costs	**(80.3)**	**(74.8)**	**7%**
EBITDA	**37.7**	**33.2**	**13%**
D&A	(2.4)	(2.3)	5%
EBIT	**35.3**	**31.0**	**14%**
EBITDA Margin	32%	31%	

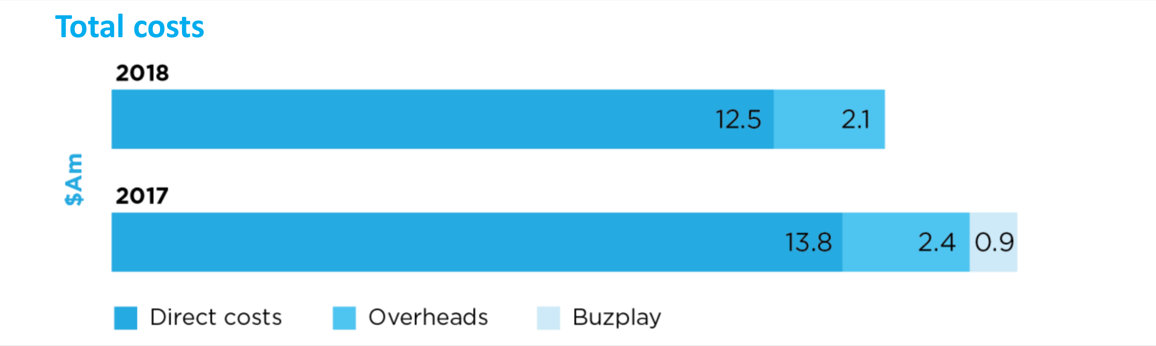
2017 revenue and costs restated for impact of accounting policy change

(1) Prior to the impact of accounting policy changes; refer to page 30 for reconciliation

Hong Kong Outdoor

- Significant turnaround in performance
- Revenue growth in cross harbour tunnel assets
  - Western Harbour Tunnel up 13%
  - Eastern Harbour Tunnel up 12%
  - Hung Hing Rd up 17%
- HK Tram Shelter contract
  - Upgrading formats & delivering customised creative builds
  - Attracting major global fashion brands
  - Developed network of Beacons across HK Island tram route
  - Public WiFi on shelters
- Appointed 1 of 3 advertising agents for APAC's largest LED screen

A$ million	2018	2017	% change	Local currency % change
Roadside	10.5	9.6	13%	10%
Transit	4.3	1.2	278%	266%
Buzplay	–	1.2	(100%)	(100%)
Total Revenue	**14.8**	**11.9**	**28%**	**24%**
Total Costs	(14.6)	(17.2)	(13%)	(15%)
EBITDA pre provision release	**0.3**	**(5.3)**	**105%**	**105%**
Utilisation of Buzplay provision	–	4.1	(100%)	(100%)
EBITDA	**0.3**	**(1.2)**	**123%**	**123%**
D&A	(0.2)	(0.2)	2%	(1%)
EBIT	**0.1**	**(1.4)**	**109%**	**108%**
EBITDA Margin	2%	(10%)		



Corporate costs

- Continue to pursue cost savings in Corporate
  - Salary & wages lower on reduced headcount and lower base salary (CEO/CFO)
  - Incentive provision subject to performance, tested in Feb 2019
- Compliance and advisor costs exclude Adshel sale costs, other activity reduced from 2017
- Tax dispute costs increasing as we prepare for potential litigation
- Corporate structure continues to be reviewed given potential sale of Adshel. Further update to be provided once ACCC outcome known

A$ million	2018	2017	% change
Salary & wages	2.6	3.0	(15%)
Group incentives provided for	1.3	0.9	47%
Board costs	0.5	0.5	2%
Compliance and advisor costs	1.0	1.6	(36%)
Tax dispute costs	0.9	0.4	143%
Overheads (rent, office, other)	1.3	1.3	2%
Sub-total	**7.7**	**7.7**	**0%**
Integration costs	–	1.4	n/a
Conversant Media earn out	–	0.3	n/a
Total Corporate costs	**7.7**	**9.4**	**(18%)**

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Financial Results: Adshel

H1 2018 Group financial result (with Adshel as continuing operation)

- Table shows Group result including Adshel presented in same format as 2017 reporting and assumes no sale process / outcome. P&L format reflects EBITA with amortisation disclosed separately net of tax
- Including Adshel as a continuing operations:
  - Group revenue up 1%
  - Group costs down 1%
  - Group EBITDA up 11%
- Interest marginally higher than continuing operations due to Adshel contract guarantee costs
- Effective tax rate 31.2% (2017: 30.9%)
- Amortisation reflects 6 months of acquisition related intangible amortisation (2017: 8 months)
- Exceptional items: refer page 31

A$ million	2018	2017[1]
Revenue before finance income[1]	234.8	232.0
Other income	3.2	2.4
Share of associate profits	0.0	0.6
Costs[1]	(187.0)	(188.9)
Underlying EBITDA[2]	**51.0**	**46.0**
Depreciation	(10.5)	(9.8)
Underlying EBITA[2]	**40.5**	**36.3**
Net interest expense	(4.2)	(4.6)
Net profit before tax and amortisation[2]	**36.3**	**31.7**
Taxation on net profit before amortisation	(11.3)	(9.7)
Net profit after tax and before amortisation (NPATA)[2]	**25.1**	**22.0**
Less non-controlling interest	(2.6)	(2.8)
NPATA attributable to HT&E shareholders[2]	**22.5**	**19.2**
Amortisation (net of tax)	(4.8)	(6.4)
NPAT attributable to HT&E shareholders[2]	**17.6**	**12.8**
Exceptional items	9.6	3.0
NPAT attributable to HT&E shareholders	**27.2**	**15.8**
Underlying EPS (cps)[2]	7.3	6.2
Interim dividend per share (cps)	3.0	3.0

(1) 2017 revenue and costs restated for impact of accounting policy changes: refer to page 30 for reconciliation
(2) Before exceptional items

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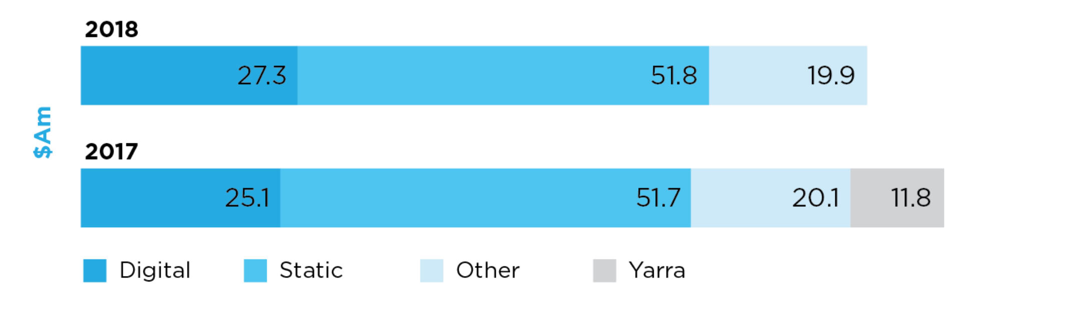
Adshel Financials

- OOH market fundamentals remain strong
- Network revenue impact of Yarra Trams in first half less than estimated
- Normalised trading revenues up 2%*
  - Q1 low digital occupancy following Yarra Trams contract loss
  - National roadside digital network reestablished from April; digital occupancy continues to improve
  - High demand for classic street furniture; yields holding
- Reduced rent post Yarra Trams, MTM rent from Q218
- Cost of sales down 13% on lower revenues
- Staff and other overheads down 2%; continued strict focus on costs with additional discretionary cost management measures implemented
- Increase in depreciation from shelter build and digitisation; MTM (key project) weighted to late Q2

A$ million	2018	2017	% change
Trading revenue	89.7	98.7	(9%)
Other revenue	9.3	10.0	(7%)
Total revenue	**98.9**	**108.7**	**(9%)**
Rent	(33.4)	(37.6)	(11%)
Variable cost of sales	(24.1)	(27.7)	(13%)
Staff and other overheads	(20.8)	(21.2)	(2%)
Total Costs	**(78.3)**	**(86.4)**	**(9%)**
EBITDA	**20.6**	**22.2**	**(7%)**
Depreciation	(8.1)	(7.6)	6%
EBITA	**12.5**	**14.6**	**(14%)**
EBITDA margin	21%	21%	2%

2017 revenue and costs restated for impact of accounting policy change; refer to page 30 for reconciliation



* After removing Yarra Trams directly attributable revenues from 2017

Other financial information

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Balance sheet

- Balance sheet movement impacted by reclassification of Adshel as asset held for sale
- Key like for like balance sheet movements are tax deposit, current tax and other provisions offset by increase in net debt
- 2017 restated for changes to AASB 15 *Revenue from Contracts with Customers* being applied; Receivables and net Payables / Other current liabilities both increased $2.1m
- Other non-current assets includes $51m deposit of tax in dispute

	Reported	Adshel	With Adshel as Continuing Operation	Restated	Change
A$ million	**2018**	**2018**	**2018**	**2017**	**$**
Cash and cash equivalents	13.5	–	13.5	18.8	(5.3)
Receivables	58.5	34.7	93.2	91.0	2.2
Other current assets	2.5	13.6	16.1	11.7	4.4
Assets held for sale	454.0	(454.0)	–	–	–
Property, plant & equipment	15.8	67.2	83.0	84.1	(1.1)
Intangible assets	428.6	337.9	766.5	769.2	(2.7)
Other non-current assets	108.3	0.5	108.8	54.9	53.9
Total assets	**1,081.0**	**–**	**1,081.0**	**1,029.7**	**51.3**
Payables	29.4	26.3	55.7	60.7	(5.0)
Other current liabilities	19.8	7.3	27.1	39.5	(12.4)
Liabilities directly associated with assets held for sale	80.6	(80.6)	–	–	–
Interest bearing liabilities[1]	190.0	–	190.0	133.1	56.9
Deferred tax liabilities	115.8	38.6	154.5	150.6	3.9
Other non-current liabilities	7.0	8.2	15.2	23.1	(7.9)
Total liabilities	**442.4**	**–**	**442.4**	**407.0**	**35.4**
Net assets	**638.6**	**–**	**638.6**	**622.7**	**15.9**
Net debt	**176.5**	**-**	**176.5**	**114.3**	**62.2**

(1) Shown net of unamortised borrowing costs

Cash flow

- Operating cash inflow of $16.7m before deposit of tax in dispute, up 85%
- Tax instalment payments reflects catch up of prior year timing difference in relation to 2017 (as noted in February). Instalments in relation to 2018 commenced in June
- Capex largely related to Adshel shelter build, digitisation project and revenue/inventory systems replacement; Group on track for FY guidance ($30-$40m)
- Investments represent loans to esports and Unbound JVs
- Treasury shares acquired for equity incentive obligations

A$ million	Continuing operations	Adshel	2018	2017
EBITDA	30.4	20.6	51.0	46.0
Net change in working capital, non-cash and exceptional items (see page 20)	4.0	(9.4)	(5.3)	(25.2)
Net interest paid	(3.9)	(0.1)	(3.9)	(4.4)
Net tax instalments paid	(3.5)	(1.9)	(5.4)	(5.0)
Prior year tax instalments	(19.6)	-	(19.6)	(2.5)
Sub-total	**7.4**	**9.3**	**16.7**	**9.0**
Deposit of tax in dispute	(50.7)	-	(50.7)	–
Net operating cash flow before investing activities	**(43.3)**	**9.3**	**(34.0)**	**9.0**
Capital expenditure	(1.5)	(10.4)	(11.9)	(6.3)
Investments	(3.2)	-	(3.2)	(2.7)
Cash received from associates and other entities	3.0	-	3.0	2.2
Net cash flow before financing	**(44.9)**	**(1.1)**	**(46.1)**	**2.3**
Payments for treasury shares	(0.2)	-	(0.2)	(1.8)
Dividends paid to shareholders	(12.4)	-	(12.4)	(10.4)
Payments to non-controlling interests	(3.0)	-	(3.0)	(2.6)
Net cash flow	**(60.5)**	**(1.1)**	**(61.7)**	**(12.5)**
Net debt at beginning of period	114.8	-	114.8	142.7
Foreign exchange	0.0	-	0.0	0.1
Net debt at end of period	**175.4**	**1.1**	**176.5**	**155.3**

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Cash flow – working capital

- Limited transaction costs for Adshel sale incurred in first half
- Working capital from continuing operations YoY variance predominantly Hong Kong on better collections and other timing differences

A$ million	Continuing operations	Adshel	2018	2017
Net changes in working capital	6.2	(9.4)	(3.2)	(8.3)
Deduct non-cash items, share of associates NPAT net of cash / dividends from investments	(2.2)	-	(2.2)	(1.8)
Recurring	**4.0**	**(9.4)**	**(5.3)**	**(10.1)**
HK Outdoor onerous lease costs	-	-	–	(4.1)
Transaction and demerger costs	-	-	–	(7.6)
Reclassification of HK Outdoor cash deposits	-	-	–	(3.4)
Non-recurring	**-**	**-**	**-**	**(15.1)**
Net debt at end of period	**4.0**	**9.4**	**(5.3)**	**(25.2)**

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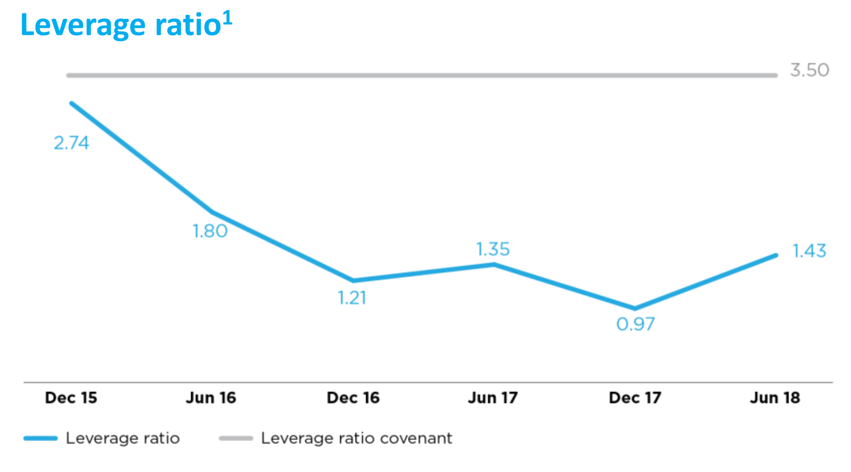
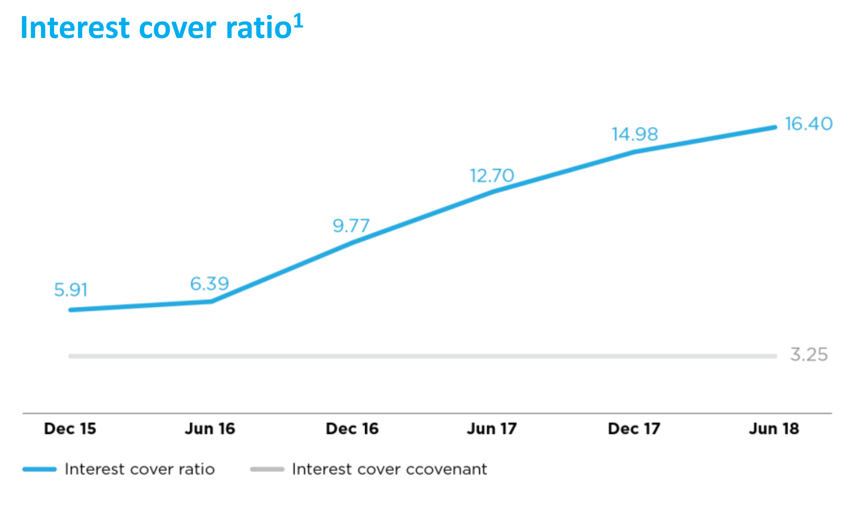
Net debt

- Leverage: net debt less than 1.5x EBITDA; Interest cover more than 16x
- Debt facility matures July 2019. Process commencing to extend debt facilities to provide liquidity for future opportunities and potential contingencies
- Undrawn facility limits > A$150m sufficient to cover tax exposure
- As noted in the Adshel sale announcement on 25 June 2018, net proceeds at completion will first be used to repay drawn debt.

A$ million	Jun 2018	Dec 2017	Dec 2016
Gross debt	190.0	133.6	162.9
Less: Cash	(13.5)	(18.8)	(20.2)
Net debt	**176.5**	**114.8**	**142.7**
Unamortised borrowing costs	–	(0.5)	(1.6)





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

H2 Priorities

H2 Priorities

- Adshel ACCC process
  - 30 August: provisional date for announcement of ACCC's decision
  - Planning underway for post Adshel structure, subject to divestment
- ARN
  - Continued focus on driving ratings, especially in Melbourne
  - Commercialisation of broadcast and digital opportunities
  - Complete integration of Conversant Media
- Adshel
  - Key contract tenders: Brisbane, City of Sydney
  - Digital build out: completion of key projects in MTM, PTV and NZ, plus recent contract win conversions
  - Continued optimisation of existing opportunities, such as TDL
- Hong Kong
  - Maintaining revenue momentum and strict cost control
- Gfinity
  - Elite Series Season 2 commencing in November
  - Securing new events for the esports arena at Hoyts Entertainment Quarter

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Trading Update

ARN

- Solid H1 market conditions are continuing into H2. Forward bookings are currently indicating revenue growth of circa 5-6% against improving comparatives (H2 17: up 5%)
- Cost growth is tracking slightly ahead of revenue growth, driven by cost of sales, increased digital headcount and further reinstatement of prior year savings

Adshel

- After adjusting for $2m of Yarra Trams revenue in July 2017, July revenues finished close to 5% up on last year. For the remainder of Q3, visibility across both markets is good, and after adjusting for a further $4.7m of Yarra Trams revenues in Q3 2017, total bookings are approximately 9% ahead on same time last year
- With 4½ months of Yarra Trams rent in H2 17 versus 6 months of MTM rent in H2 18 and phasing in of new contract wins, overall costs in H2 18 are expected to be slightly above last year

Questions?

Appendices

Reconciliation of segment result to statutory result

	Segment result		Exceptional items		Statutory result	
A$ million	**2018**	**2017[1]**	**2018**	**2017**	**2018**	**2017[1]**
Revenue before finance income	137.0	124.8	–		137.0	124.8
Other income	3.2	2.4	–		3.2	2.4
Share of associate profits	0.0	0.6	–		0.0	0.6
Costs	(109.8)	(103.9)	1.4	4.6	(108.4)	(99.3)
Underlying EBITDA[2]	**30.4**	**23.8**	**1.4**	**4.6**	**31.7**	**28.4**
Depreciation and amortisation	(2.7)	(2.6)	–	–	(2.7)	(2.6)
Underlying EBIT[2]	**27.6**	**21.2**	**1.4**	**4.6**	**29.0**	**25.8**
Net interest	(4.1)	(4.6)	–	–	(4.1)	(4.6)
Net profit before tax[2]	**23.5**	**16.5**	**1.4**	**4.6**	**24.9**	**21.2**
Taxation on net profit	(7.4)	(5.2)	(0.0)	(1.4)	(7.4)	(6.6)
Net profit after tax (NPAT)[2]	**16.1**	**11.4**	**1.3**	**3.2**	**17.5**	**14.6**
Less non-controlling interest	(2.6)	(2.8)	-	(0.3)	(2.6)	(3.0)
NPAT attributable to HT&E shareholders[2]	**13.5**	**8.6**	**1.3**	**3.0**	**14.9**	**11.6**
NPAT from discontinued operations	4.1	4.2	8.2	-	12.4	4.2
NPAT attributable to HT&E shareholders	**17.6**	**12.8**	**9.6**	**3.0**	**27.2**	**15.8**

(1) 2017 revenue and costs restated for impact of accounting policy changes: refer to page 30 for reconciliation
(2) Before discontinued operations

Reconciliation with Adshel as Continuing Operation

	Reported result (page 10)		Amortisation – change format		Adshel		Eliminate intercompany		HT&E per page 15	
A$ million	**2018**	**2017[1]**	**2018**	**2017**	**2018**	**2017[1]**	**2018**	**2017**	**2018**	**2017[1]**
Revenue before finance income	137.0	124.8	–	–	98.9	108.7	(1.1)	(1.4)	234.8	232.0
Other income	3.2	2.4	–	–	–	–	–	–	3.2	2.4
Share of associate profits	0.0	0.6	–	–	–	–	–	–	0.0	0.6
Costs	(109.8)	(103.9)	–	–	(78.3)	(86.4)	1.1	1.4	(187.0)	(188.9)
Underlying EBITDA[2]	**30.4**	**23.8**	**–**	**–**	**20.6**	**22.2**	**–**	**–**	**51.0**	**46.0**
Depreciation (and amortisation)	(2.7)	(2.6)	0.4	0.5	(8.1)	(7.6)	–	–	(10.5)	(9.8)
Underlying EBIT / EBITA[2]	**27.6**	**21.2**	**0.4**	**0.5**	**12.5**	**14.6**	**–**	**–**	**40.5**	**36.3**
Net interest income / (expense)	(4.1)	(4.6)	–	–	(0.1)	0.1	–	–	(4.2)	(4.6)
Net profit before tax and amortisation[2]	**23.5**	**16.5**	**0.4**	**0.5**	**12.4**	**14.7**	**-**	**-**	**36.3**	**31.7**
Taxation on net profit before amortisation	(7.4)	(5.2)	(0.1)	(0.1)	(3.7)	(4.4)	–	–	(11.3)	(9.7)
Profit/NPATA from continuing operations[2]	**16.1**	**11.4**	**0.3**	**0.3**	**8.7**	**10.3**	**–**	**–**	**25.1**	**22.0**
Less non-controlling interest	(2.6)	(2.8)	–	–	–	–	–	–	(2.6)	(2.8)
Profit/NPATA attributable to HT&E shareholders[2]	**13.5**	**8.6**	**–**	**–**	**8.7**	**10.3**	**–**	**–**	**22.5**	**19.2**
Amortisation (net of tax)	–	–	(0.3)	(0.3)	(4.6)	(6.1)	–	–	(4.8)	(6.4)
NPAT attributable to HT&E shareholders[2]	**13.5**	**8.6**	**–**	**–**	**4.1**	**4.2**	**–**	**–**	**17.6**	**12.8**
Exceptional items	1.3	3.0	–	–	8.2	–	–	–	9.6	3.0
Profit from discontinued operations	12.4	4.2	–	–	(12.4)	(4.2)	–	–	–	–
NPAT attributable to HT&E shareholders	**27.2**	**15.8**	**–**	**–**	**–**	**–**	**–**	**–**	**27.2**	**15.8**

(1) 2017 revenue and costs restated for impact of accounting policy changes: refer to page 30 for reconciliation
(2) Before exceptional items

Digital investments

- Conversant Media
  - Advertising conditions for digital display subdued in H1
  - Strengthening alignment with ARN sales; Q3 increased briefing activity
  - Focus on building video inventory; Australian video views up 55% in H1
- Dividend received from Lux group
- Share of associates' NPAT impacted by early stage losses in esports and Unbound offsetting Soprano

A$ million	2018	2017
Total Revenue	4.3	5.8
Total Costs	(4.5)	(5.2)
Share of associates' NPAT	0.0	0.6
Dividends received	0.3	–
EBITDA	**0.1**	**1.2**
D&A	(0.1)	(0.2)
EBIT	**(0.0)**	**1.0**

Digital investment EBITDA breakdown

A$ million	2018	2017
Emotive	0.3	0.4
Conversant	(0.5)	0.3
esports establishment costs	(0.1)	–
Dividends received	0.3	–
Share of associates' NPAT (Soprano, esports, Unbound)	0.0	0.6
EBITDA	**0.1**	**1.2**

Restatement for gross up of contra and rebates

ARN	Revenue	Costs	EBITDA
Reported Jun 2017	105.3	(72.1)	33.2
Contra	2.5	(2.5)	–
Rebates	0.2	(0.2)	–
Restated Jun 2017	**108.0**	**(74.8)**	**33.2**
Reported Dec 2017	218.7	(135.6)	83.1
Contra	5.2	(5.2)	–
Rebates	0.9	(0.9)	–
Restated Dec 2017	**224.8**	**(141.7)**	**83.1**
Jun 2018 includes:			
Contra	4.2	(4.2)	–
Rebates	0.9	(0.9)	–

- Contra and rebates now disclosed gross; revenue, cost of sales and other operating costs impacted
- Comparative information restated on implementation of AASB 15

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Additional financial information

Exceptional items: continuing operations

Continuing operations (A$ million)	2018	2017
Benefit from retrospective application of ACMA licence fee relief	–	4.6
Reversal of Conversant Media earn out provision	1.4	–
	1.4	**4.6**
Income tax expense on exceptional items	(0.0)	(1.4)
Exceptional items, net of tax	**1.3**	**3.2**

Currency

	AUD / NZD		AUD / HKD	
	2018	2017	2018	2017
June half average	1.078	1.065	6.045	5.865
Full year average	–	1.079	–	5.976
Period end rate – June	1.093	1.048	5.811	6.002
Period end rate – December	–	1.101	–	6.098

Exceptional items: discontinued operations

Discontinued operations (A$ million)	2018	2017
Reversal of compliance obligation provisions	16.1	-
Onerous contract provision	(3.7)	-
Transaction costs	(0.5)	–
	12.0	**-**
Income tax expense on exceptional items	(3.8)	-
Exceptional items, net of tax	**8.2**	**-**

- Adshel exceptional items relate to reversal of certain compliance obligation provisions, offset by a new onerous contract provision and transaction costs incurred during H1

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