



'Better Together'

Acquisition of Grant Broadcasters

12 November 2021



A transformative transaction for HT&E, bringing two great businesses **together** to create a truly national broadcast radio network of scale

An acquisition unlocking new growth markets and audiences, with the potential for significant **digital audio expansion**.

This acquisition is highly **accretive** to HT&E shareholders with future revenue synergies as we build a footprint across every state and territory in Australia.

The combined network will be made up of **58 stations**, across 33 markets, delivering innovative, digitally-enabled commercial solutions at the scale advertisers seek.

With an unwavering commitment to **live, local** and **multi-platform** content, across an 8 million strong broadcast and digital distribution network, this acquisition presents an appealing proposition for our clients, listeners, staff and shareholders.

Transaction Summary

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HT&E



Kyle & Jackie O | Sydney



Transaction summary

Acquisition of Grant Broadcasters

- HT&E Limited (HT&E) has entered into a binding agreement to acquire the legal entities and certain assets owned by Grant Broadcasters Pty Limited (**Grant Broadcasters** or the **Acquisition**) for \$307.5 million on a cash and debt free basis (**Consideration**)
- Consideration is payable as 77.5% in cash and 22.5% in new ordinary HT&E shares to the Grant Broadcasters vendors
- Funded through existing cash reserves, undrawn financing facilities and the issuance of HT&E shares
- Acquisition multiple of 8.7x⁽¹⁾ LTM June 21 pro forma EBITDA and 10.3x⁽¹⁾ LTM June 21 pro forma EBIT
- Expected to deliver 20%+ EPS accretion on a LTM June 21 pro forma basis, before synergies and one-off integration costs
- Grant Broadcasters to nominate one representative to join the HT&E Board

Overview of Grant Broadcasters

- Family-owned business, founded in the 1940s and has expanded through organic growth and acquisitions
- Leading provider of regional radio in Australia, with a national presence across more than 26 markets
- Scale network with a portfolio of 46 stations, including 38 FM stations and 8 AM stations
- LTM June 21 pro forma revenue of \$100.7 million and EBITDA of \$35.5 million and strong cashflow generation
- Focus on providing live and local content to the communities it serves

Strategic Rationale

- High quality footprint across regional Australia where HT&E does not have a scale presence
- Provides incremental scale through access to growing regional audiences, with a population of 9.1 million people
- Enhances HT&E's ability to deliver content across multiple platforms and capitalises on the shift towards digital audio consumption
- Supports ease of transacting for media agencies and clients through expansion of reach and touchpoints
- Attractive financial metrics, with potential to generate material revenue synergies in excess of \$20 million p.a. within three years



1. Reflects LTM June 21 pro forma financials, based on Consideration of \$307.5m and post-AASB 16 EBITDA and EBIT of \$35.5m and \$29.8m, respectively. Pro forma EBITDA adjusted to exclude non-recurring items such as government incentives and reflect the transaction perimeter. Presented on a post-AASB 16 basis, in line with HT&E's disclosure.

Transaction summary

Funding

- The Consideration to be funded by:
 - c.\$238 million of cash and debt from HT&E's cash reserves and existing facilities, including proceeds from disposal of oOh!media stake
 - HT&E shares issued to the Grant Broadcasters vendors at \$1.93 per share⁽¹⁾ at completion of the Acquisition
- Pro forma leverage at completion of the Acquisition is expected to be ~1.4x⁽²⁾
 - Provides HT&E with ongoing balance sheet flexibility to support continued investment in organic and inorganic growth initiatives

Transaction structure

- HT&E will acquire the radio and digital operations owned by Grant Broadcasters, including 43 legal entities and certain relevant assets. Geelong Broadcasters Pty Limited (**Geelong**) and certain joint ventures are excluded from the transaction perimeter
- Transaction includes the acquisition of The Radio Sales Network (**TRSN**)
- Acquired assets will include land and buildings, transmitter and translator sites valued in excess of \$10 million

Timing and conditions precedent

- Completion of the Acquisition is expected in on 30 November 2021 and is subject to customary conditions precedent, including:
 - Relevant ACMA consents, including approval of temporary breach and proposed divestment of 4KQ (**Brisbane**) licence
 - The novation of certain employee contracts into the transaction perimeter
 - Novation and consents for certain contracts on a change of control

Grant Broadcasters

2

HT&E

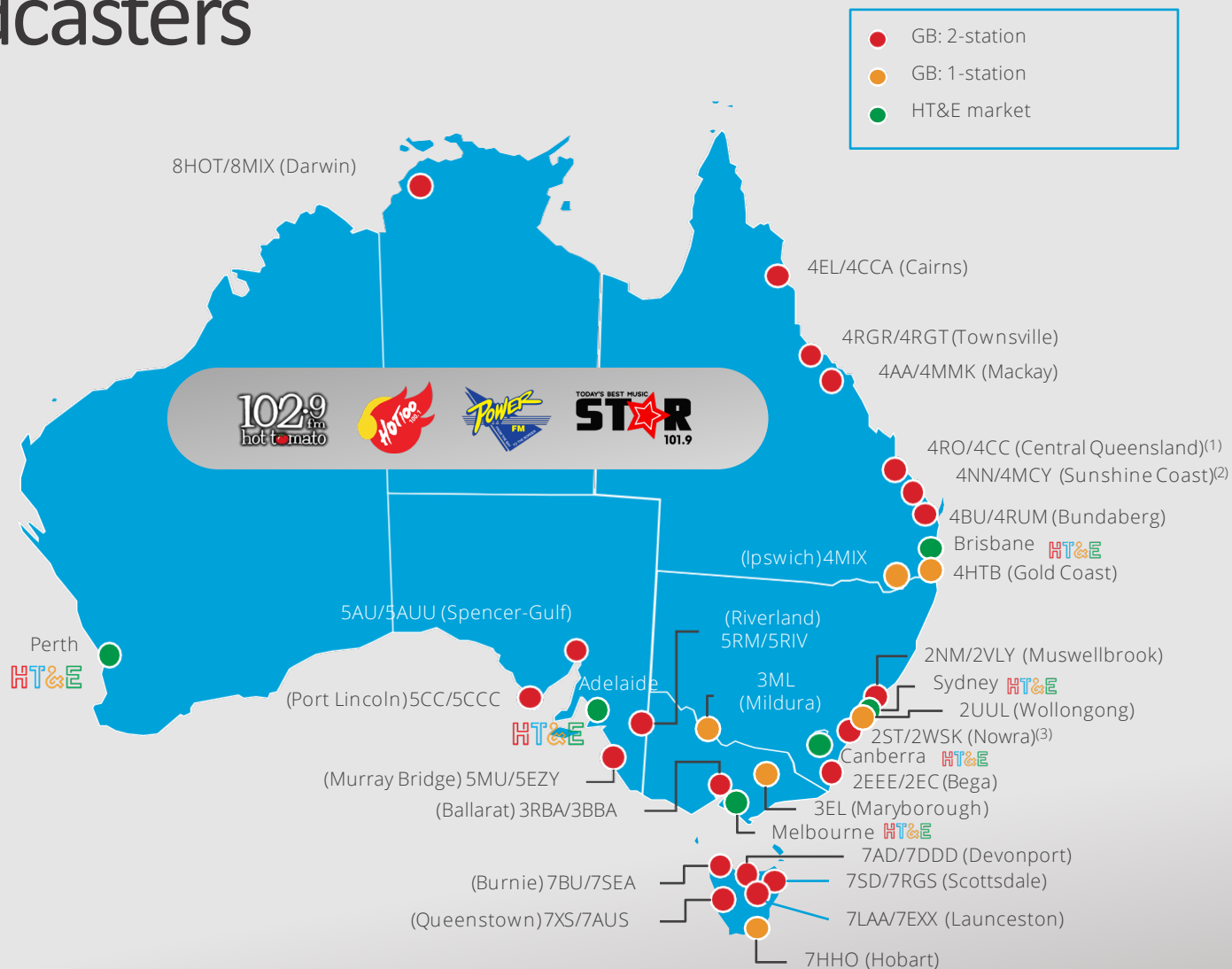


102.9
hot tomato

Galey, Emily Jade & Christo | Gold Coast

Overview of Grant Broadcasters

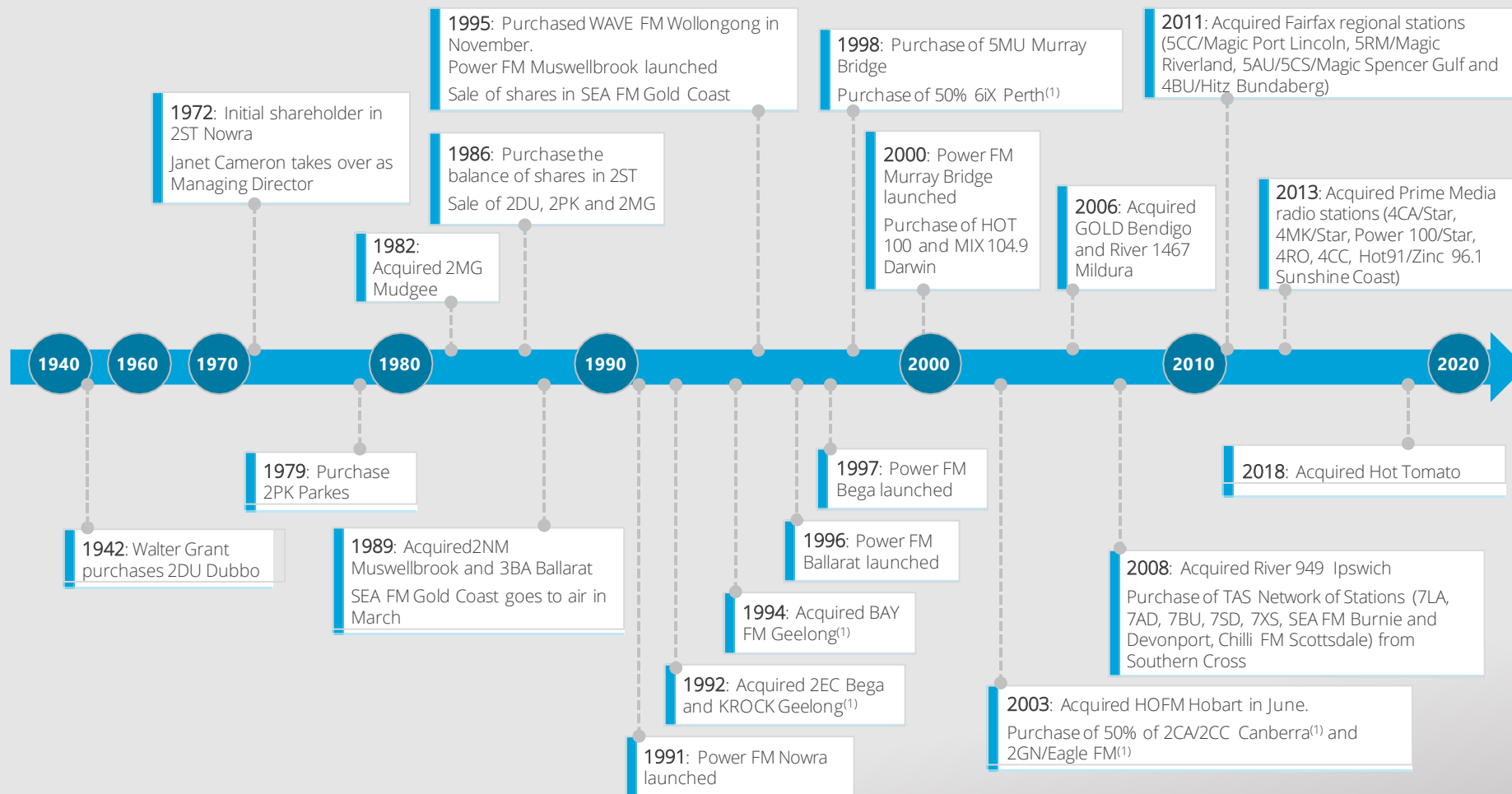
- Founded in 1942, Grant Broadcasters is a family-owned and operated regional radio broadcaster
- Portfolio includes 46 radio stations, across 26 Markets
 - 38 FM stations, 8 AM stations
 - 4 additional stations in DAB+ in Hobart and Darwin, with Gold Coast expected to go live in early 2022
- Of these markets, 15 are non-competitive and 11 are competitive
- Grant Broadcasters has c.700 employees across its four key regions, including the national sales team (TRSN) and centralised supporting teams
- LTM June 21 pro forma revenue \$101m; EBITDA \$36m



1. 2 markets Gladstone and Rockhampton combined, both in Rockhampton LAP.
 2. 1 market over two LAPs Nambour and Gympie.

History of Grant Broadcasters

Grant Broadcasters has expanded through acquisitions since the late 1980s



Broadcasting

Digital

Regional Australia Opportunity

3

HT&E



Jade, Straney & Damien | The Illawarra



Regional Australia is a powerful market for advertisers

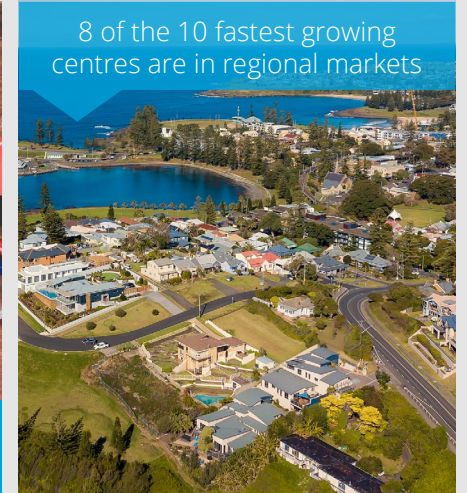
62% of regional 25–54 year olds planning to take a holiday within Australia in the next year – vs. 54% metro



\$9.1 billion regional spend on household furnishings and equipment



\$2.5 billion is spent on hardware supplies in regional Australia



8 of the 10 fastest growing centres are in regional markets

Annual regional retail spend on clothing and footwear is \$7.8 billion

Lower housing costs in regional markets means **higher** discretionary incomes



Regional audiences spend, on average, over **\$364** more per year on groceries vs. their metro counterpart

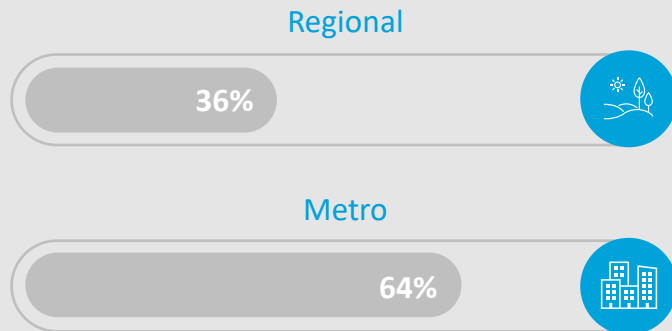


Regional Radio offers increasing advertising opportunities

Regional expansion

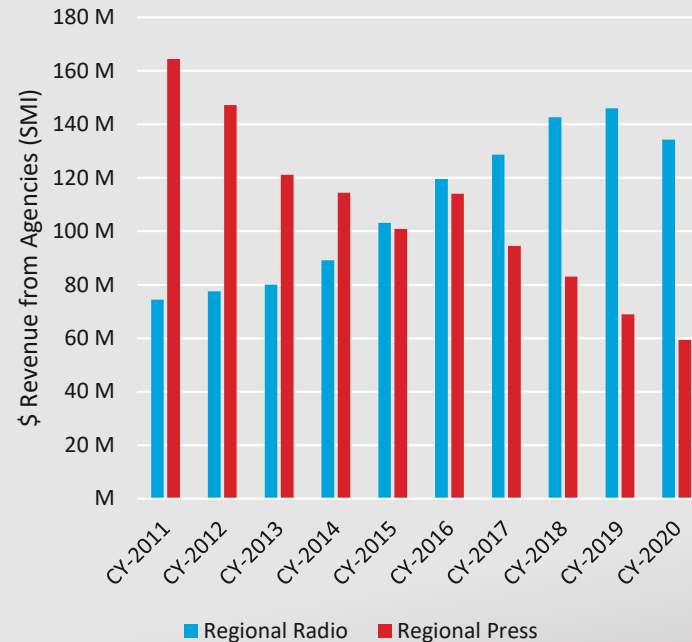
Almost a quarter of a million people migrated to regional areas in the past year – the highest on record.

Regional radio has potential audience reach of 36% of the population; that's 9.1m people



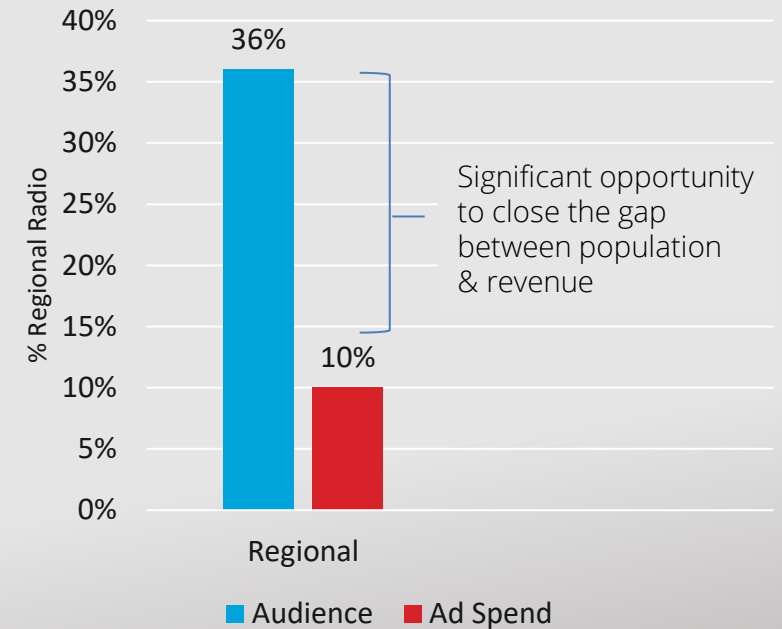
Advertisers seek the live and local content that Grant Broadcasters can provide

Average advertiser spend in regional radio has grown 30% over the last 5 years



Regional Radio has revenue growth potential

36% of the population living outside metro markets; only 10% of national media budgets are spent regionally



Financial Overview

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HT&E

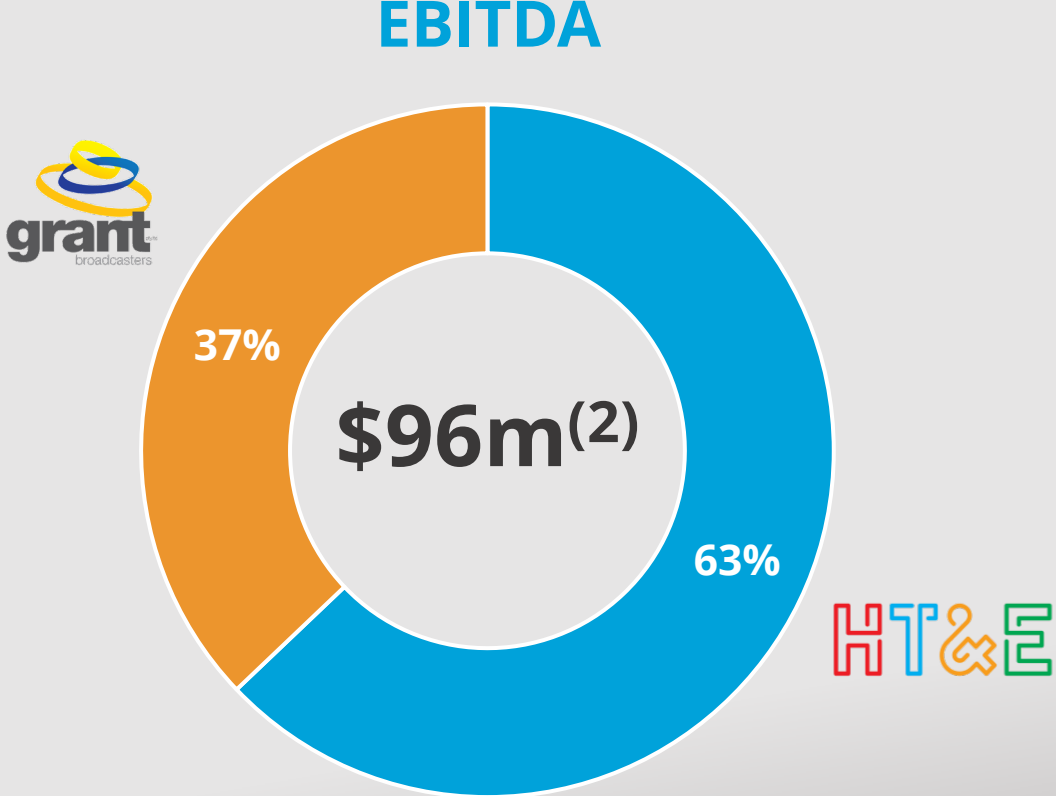
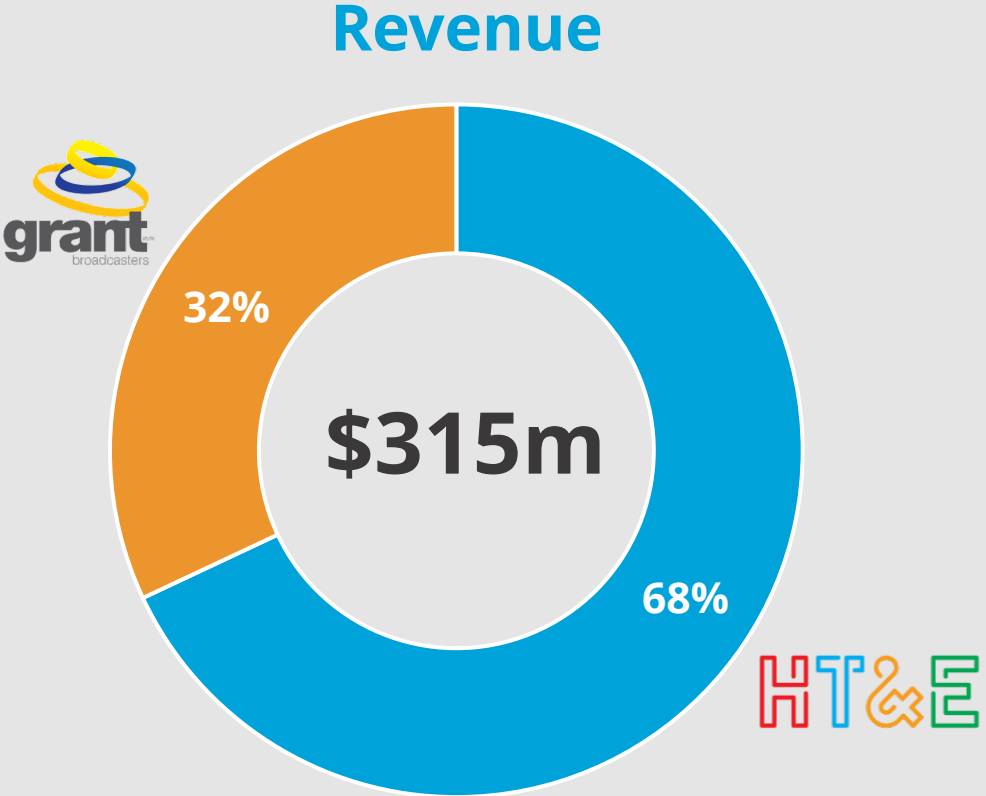


Wildy | Townsville



Acquisition delivers material scale

PF financial profile – LTM June 2021^(1,2)



1. HT&E LTM 30 June 2021 calculated as 2HCY20 plus 1HCY21. Grant Broadcasters reports on a 30 June year end.
2. Reflects reporting on a post-AASB 16 basis, in line with HT&E's reporting disclosure.

Highly accretive transaction before revenue synergies

Highly accretive

Before synergies and one-off integration costs

June 21PF⁽¹⁾ c.20%+

Disciplined Valuation

Acquisition multiple reflective of comparable recent transactions

June 21PF EBITDA⁽²⁾ 8.7x
June 21PF EBIT⁽²⁾ 10.3x


Revenue Synergies

Ability to leverage client relationships across metro and regional networks

More than \$20m p.a., delivered within three years

Strong underlying earnings and a conservative capital structure

Pro forma financial profile – LTM 30 June 2021⁽¹⁾ (Post-AASB 16)

A\$ million	HT&E		HT&E Pro forma
Revenue	214	101	315
EBITDA	60	36	96
EBITDA margin	28%	35%	30%
EBIT	46	30	76
EBIT margin	22%	30%	24%

Pro forma leverage – 30 June 2021⁽²⁾ (Pre-AASB 16)

A\$ million, 30 June 2021	Net Debt
HT&E standalone net debt / (cash)	(122.4)
H121 interim dividend	9.7
Cash consideration	238.3
Transaction costs	7.0
Tax liability settlement ⁽³⁾	29.9
Exit from oOh!media investment	(49.0)
PF Net Debt	113.5
CombineCo LTM PF EBITDA (Pre-AASB 16)	80
Pro forma leverage	1.4x



1. HT&E LTM 30 June 2021 calculated as 2HCY20 plus 1HCY21. Grant Broadcasters reports on a 30 June financial year end.
2. Leverage calculated using pro forma LTM June 21 numbers prepared on a pre-AASB 16 basis, in-line with HT&E debt covenants
3. Reflects additional \$20.3m payment due under the settlement agreement with ATO dated 29 October 2021, and the approximate impact of adjustments to future tax returns for interest deductions claimed under previously lodged tax returns

Strategic Rationale

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HT&E



Christian O'Connell | Melbourne



Compelling acquisition for audiences, advertisers, our people and shareholders

Increased scale

Materially enhances ARN's existing audience reach into new markets with significant opportunity to expand digital audio footprint

High growth regions

Australian regional population currently comprises c.35% of total population and is growing; a trend accelerated by COVID

Material synergies

Significant revenue synergy benefits likely achievable within three years post acquisition

Attractive financial metrics

Expected to deliver +20% LTM June 21 pro forma EPS accretion⁽¹⁾ and strong cashflow generation



High quality brands and footprint

High-quality portfolio of established 'heritage brands' with presence in key regional markets across Australia

Complementary advertising base

Opportunity to leverage existing ARN advertiser relationships across regional network, with increased adoption of digital audio aiding addressability and accountability

Strong cultural fit

Highly experienced radio and digital audio management teams, with strong connections to their local markets

Conservative capital structure

Pro forma leverage of ~1.4x⁽²⁾



1. EPS accretion on a LTM June 21 pro forma basis before synergies and one-off integration costs
2. Leverage calculated using pro forma LTM June 21 numbers prepared on a pre-AASB 16 basis, in-line with HT&E debt covenants

Delivering the future needs of audiences and advertising partners

Best-in-class broadcast radio and digital audio business



CONTENT

5 METRO & 28 REGIONAL RADIO MARKETS



AUSTRALIA'S BEST TALENT; LIVE AND LOCAL CONTENT

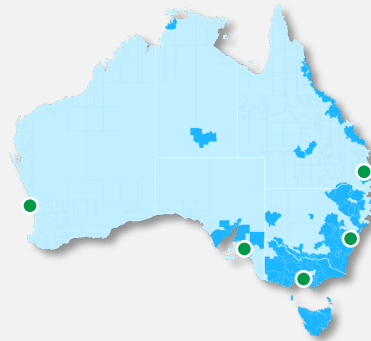


AUSTRALIA'S LARGEST PODCASTING NETWORK



DISTRIBUTION

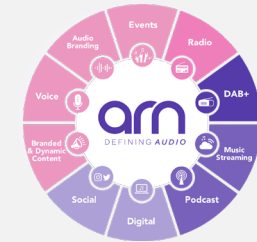
58 AM/FM STATIONS;
46 DAB+ STATIONS;



MOST COMPREHENSIVE DIGITAL AUDIO PLATFORM



COMMERCIALISATION



Trading Update

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HT&E



Erin Phillips & Soda | Adelaide

Trading Update

ARN

Revenues for the September quarter grew 17% on the prior comparative period, with consistent ratings and a strong commercial offering driving increased yield on certain key stations. October radio revenues finished up 8.1%, ahead of the broader radio market, up 6.1%. Forward bookings are pacing well ahead of same time last year, and radio revenues are expected to finish 5-10% up for the quarter on a strong comparative period in 2020. Digital audio revenues continue to gain strong traction and now average c.\$1.5 million per month, up from c.\$1 million in the previous quarter.

Full year cost outlook remains unchanged with total people and operating costs expected to finish c.\$2-\$3m above 2019 levels⁽¹⁾.

Soprano

Soprano maintained its recent strong financial performance for the year ended 30 June 2021, with total revenues up 25% to \$93.9 million, gross profits up 12% to \$52.5 million, and underlying EBITDA up 23% to \$27.2 million driven by organic growth and the successful integration of the Silverstreet acquisition.

Performance in September '21 quarter achieved budgeted growth and the business remains on track to meet forecasts for the December '21 quarter.

Cody Outdoor

Full year revenues expected to finish between HKD120-125 million, up c.40% on 2020, as the post COVID recovery continues. The business has returned to being cashflow positive on a monthly basis.

The logo for HT&E, with 'H' in red, 'T' in blue, '&' in orange, and 'E' in green.

HT&E

The logo for grant broadcasters, featuring a stylized yellow and blue ribbon graphic above the text 'grant' in a bold, lowercase font, with 'broadcasters' in a smaller font below it.

grant
broadcasters

Better Together

Appendices



HT&E Profit and Loss Statement – Pro forma (30 June 2021)

A\$ million, Last 12 months to 30 June	Statutory	Exceptional items	Reported	Grant Broadcasters acquisition	Pro forma
Revenue before finance income	214.1	-	214.1	100.7	314.8
Other income	7.0	(5.8)	1.2	1.0	2.2
Share of associate profits	7.9	-	7.9	-	7.9
Costs	(160.0)	(3.0)	(163.0)	(66.2)	(229.2)
EBITDA	69.0	(8.8)	60.2	35.5	95.7
Depreciation and amortisation	(3.9)	-	(3.9)	(2.8) ⁽¹⁾	(6.8)
Depreciation – Leases	(9.9)	-	(9.9)	(2.9)	(12.8)
EBIT	55.1	(8.8)	46.3	29.8	76.1

HT&E Balance sheet – Pro forma (30 June 2021)

	Reported	Pro forma impact	Pro forma impact	Pro forma impact	Pro forma impact	Pro forma
A\$ million	Jun 2021	Tax liability settlement	Exit of oOh!media stake and H121 dividend	Grant Broadcasters contribution ⁽³⁾	Grant Broadcasters acquisition ⁽⁴⁾	Jun 2021
Cash and cash equivalents (incl deposits)	126.7	(29.9) ⁽¹⁾	39.3 ⁽²⁾	-	(136.1)	-
Receivables	49.1	-	-	14.6	-	63.6
Income tax receivable	3.3	(3.3)	-	-	-	-
Other current assets	2.9	-	-	0.0	-	2.9
Asset held for sale	22.2	-	-	-	-	22.2
Property, plant & equipment	18.9	-	-	24.5	-	43.4
Right-of-use assets	26.4	-	-	7.3	-	33.7
Intangible assets	373.1	-	-	279.7	-	652.8
Deposit of tax in dispute, net of provision	1.8	(1.8)	-	-	-	-
Other non-current assets	83.4	-	(48.4)	-	-	35.0
Total assets	707.9	(35.1)	(9.1)	326.1	(136.1)	853.8
Payables	24.4	-	-	3.7	-	28.1
Other current liabilities	16.6	2.4	-	6.6	-	25.7
Bank loans	4.3	-	-	-	109.2	113.5
Lease liabilities	36.8	-	-	7.7	-	44.5
Deferred tax liabilities	120.8	-	(9.1)	-	-	111.7
Other non-current liabilities	3.8	-	-	0.7	-	4.5
Total liabilities	206.7	2.4	(9.1)	18.6	109.2	327.9
Net assets	501.2	(37.5)	0.0	307.5	(245.3)	525.9



1. Reflects additional \$20.3m payment due under the settlement agreement with ATO dated 29 October 2021, and the approximate impact of adjustments to future tax returns for interest deductions claimed under previously lodged tax returns, and pro forma impacts to balance sheet accounts

2. Includes H121 interim dividend payment of \$9.7m (Sept 2021) and proceeds from exit of oOh!media stake on 2 November 2021 of \$49m

3. Based on 30 June 2021 balance sheet of transaction perimeter with all consideration in excess of purchased net assets disclosed as intangibles. This value will be subject to a formal purchase price accounting process that will be completed within 12 months of acquisition

4. Inclusive of \$7m estimated acquisition related transaction costs



Disclaimer

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Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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This presentation along with today's market announcement have been authorised for release on the ASX by the Board of HT&E Limited.