



MARKET ANNOUNCEMENT

HT&E AGM Market Update

Integration of ARN Regional business on-track

Highlights

- ARN remains the best performing audio business in Australia
- Group revenues were up 16% to \$225 million with returning advertiser confidence
- Delivered a number of key strategic priorities accelerating future growth opportunities
- Strategic acquisition of a portfolio of radio stations from Grant Broadcasters creates a national broadcast network of scale with 58 stations
- Integration of the business is on track and benefits starting to be realised
- Investment program underway to realise future digital audio growth opportunities
- Improved balance sheet certainty following resolution of ATO tax matter for \$70.7 million
- Dividends reinstated; committed to 60-80% payout ratio

SYDNEY, 5 May 2022 – HT&E Limited [ASX: HT1] today provided the following market update on business operations at the company's Annual General Meeting (AGM).

Chairman of HT&E, Hamish McLennan, made the following comments at the Company's AGM in Sydney today:

"2021 was a year of significant milestones for HT&E, delivering a number of key strategic priorities and placing the business in a very strong position to drive continued growth in 2022 and beyond.

"The Radio industry bounced back strongly in 2021, with the role the medium plays for both audiences and advertisers enhancing further. ARN's ratings and commercial success has continued, and the Company remains the best performing audio business in Australia with total listening with our stations now reaching 5.4 million people weekly. We also maintained our place as the #1 podcast publishing network in the country.

"The Board has always focused on identifying the right opportunities to drive shareholder value and in November, we announced the acquisition of 46 regional radio stations from Grant Broadcasters the leading regional radio broadcaster in Australia, for \$307.5 million.

"Strategically, this transaction fits very well with HT&E's growth ambitions. It allows us to expand our audience base and fast-track the delivery of digital audio content and advertising opportunities across the country.

"Our expansion into lucrative regional markets will deliver a national network for ARN of 58 stations across 33 markets. The Grant Broadcasters acquisition is in a sector of media we know well, and provides pro-forma HT&E Group revenues of \$330 million and \$96 million EBITDA from which to build from, enabling further margin expansion in core radio operations in FY22



“Our digital audio offering is gaining momentum and now that we have greater visibility on the audience and revenue opportunities, we are determined to capitalise on our already strong market and financial position to drive future return for shareholders. We will be investing \$8-9 million in FY 22 to grow our content slate, expand our audience and distribution network, hire more sales people, further improve of digital data and targeting capabilities, and investing in our technology stack to deliver to our commercial partners expectations. We also just launched a new digital audio youth brand, Cada, in March of this year targeting 15-29 year olds - a segment of the market that we currently do not target with our KIIS and Pure Gold brands.

“Finally, we continue to have one of the strongest balance sheets in Australian media. We deliver very strong cash flow from operations given the limited cap ex requirements we have and expect our leverage to be less than one times by end of FY22 with further opportunities to realise value from noncore assets such as Soprano and through the sale of 4KQ in Brisbane (which was also announced this morning). The Board remain committed to a dividend payout ratio of 60-80%, subject to market conditions, and we maintain optionality in what we continue to believe will be a consolidating market.”

CEO of HT&E, Ciaran Davis, said:

“I am pleased to report that 2021 was a strong year for HT&E.

“Group revenues were up 16% to \$225 million with returning advertiser confidence leading to improved ad spend, despite extended lockdowns in the second half. Strong cost management contributed to underlying EBITDA of \$59.8 million, up 21%, with EBIT up 41% to \$45.9 million. Underlying EPS was 10.4 cents per share, up 89%.

“We are very excited by the opportunity the acquisition of Grant Broadcasters presents. Regional Australia is a booming consumer market with 8 of the 10 fastest growing centres being in regional markets. Last year, over 250,000 people moved to regional locations driven in part by the change to work practices brought about by Covid.

“With 36% of the population living in regional Australia, yet only 10% of national advertising allocated to these markets, we see the opportunity to grow national revenues by over \$20 million per annum within the next 3 years.

“After completing the purchase in January, we immediately commenced our integration plan. The integration programme is on schedule and we are beginning to see early signs of benefits coming through.

“We are also determined to capitalise on our already strong market position and realise future returns for shareholders through our investments in the booming world of digital audio. In 2022, we are investing an additional \$8-9 million and are confident our digital audio strategy will be profitable in 3 years.

“In podcasting, will be investing to increase our slate of original content and build a commercial offering capable of driving meaningful revenue growth.

“Live streaming of radio on digital platforms has accelerated during Covid with 66% of the population now listening on the device of their choice. We will be investing in the iHeartRadio brand, building our 1st party data, and encouraging our audiences to listen live on the platform.

“And finally, we have recently relaunched our Sydney station, The Edge, as new national youth culture brand called Cada. Targeting the 3.4 million lucrative, but elusive, 15-29 year old Australian demographic, Cada is building a new model for digital audio and content creation.



“Championing one of the most popular genres of music in Australia – Hip Hop and R and B - a space untouched by other commercial media, Cada will build an audience on the platforms in which these audiences are engaged – social media, Youtube, podcasts etc and generate revenues via advertising and partnerships. It will also act as an incubator for new talent and the building of valuable new digital media formats.”

TRADING UPDATE

ARN

- Total radio revenues for Q1 improved month on month and finished up 5% driven by strong growth in regional (up 9%), with metro revenue in line with market (up 3%).
- Total radio revenues for Q2 are pacing well with April finishing ahead 9% and May pacing to achieve double digit increases, as metro markets return to strong growth.
- Encouragingly, Q2 national revenues onto regional are pacing to exceed 10% growth, providing a level of confidence around revenue synergy targets of \$6-\$8m identified for 2022, subject to market conditions.
- Q1 digital billings finished up 50%. Against strengthening comparatives, Q2 digital billings are pacing to finish ~60% ahead of the prior comparative period

Cody Outdoor

- Cody Outdoor has had a good start to the year, with revenues to the end of April finishing up over 10% on the prior comparative period

ENDS

This announcement has been authorised for release by the Board of HT&E Limited.

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