Half Year Results 2019

14th August 2019

HT&E Limited
ABN 95 008 637 643

Executive Summary

- Challenging ad market environment – ARN holding share
- Strategic focus is on core radio/audio business and operations
- Continuing growth and relevance of radio in today's media environment
- Audio diversification providing incremental content and commercial opportunities; ARN the only radio provider that can deliver this
- iHeartRadio licence extension to 2036 – key strategic move
- Corporate costs reductions and simplification of management structure between HT&E and ARN ongoing
- Review of non-core assets underway; closure of esports announced
- Capital management initiatives including increased dividend and buy back recommencement

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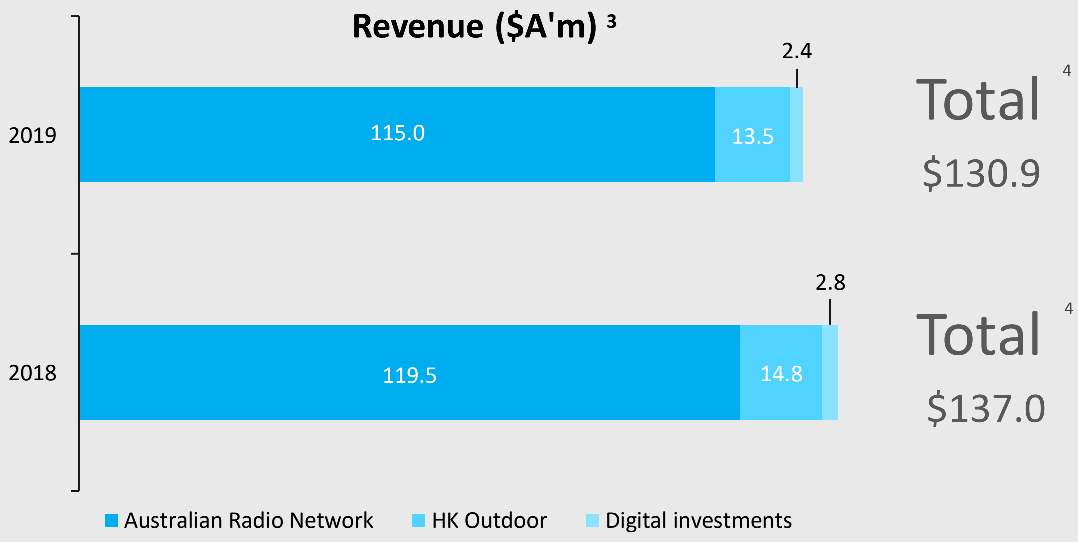
Statutory Results

- Statutory results for 2019 includes transition to AASB 16 *Leases* and excludes Adshel in 2018
- Revenue from continuing operations down 4%
- Reported EBITDA up 26%; up 1% before transition to AASB 16 *Leases*
- Reported EBIT up 6%; up 3% before transition to AASB 16 *Leases*
- NPAT up 34%
- Underlying EPS up 45%
- Fully franked final dividend of 4.0 cents per share, payable 13 September 2019

HT&E Reported Result (excluding Adshel in 2018)

A$ million	2019	2018[1]	% change reported	% change ex AASB 16
Revenue from continuing operations	130.9	137.0	(4%)	(4%)
EBITDA[2]	38.1	30.4	26%	1%
EBIT[2]	29.2	27.6	6%	3%
NPAT attributable to HT&E shareholders[2]	18.1	13.5	34%	36%
EPS	6.3	4.4	45%	



(1) 2018 not restated for transition to AASB 16 *Leases*
(2) Before exceptional items and discontinued operations
(3) Before group eliminations and discontinued operations
(4) After group eliminations

Capital Management

- Dividend Policy lifted from 40-60% to 60-80% reflecting highly cash generative nature of our radio assets
- Interim dividend of 4c is at the bottom of the range as we manage the tax dispute
- Balance sheet strength maintained: $107m cash and no drawn debt
- Buyback to recommence post blackout
- Will consider on-strategy acquisitions under strict investment framework

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Financial Results

HY 2019 Reported Financial Result

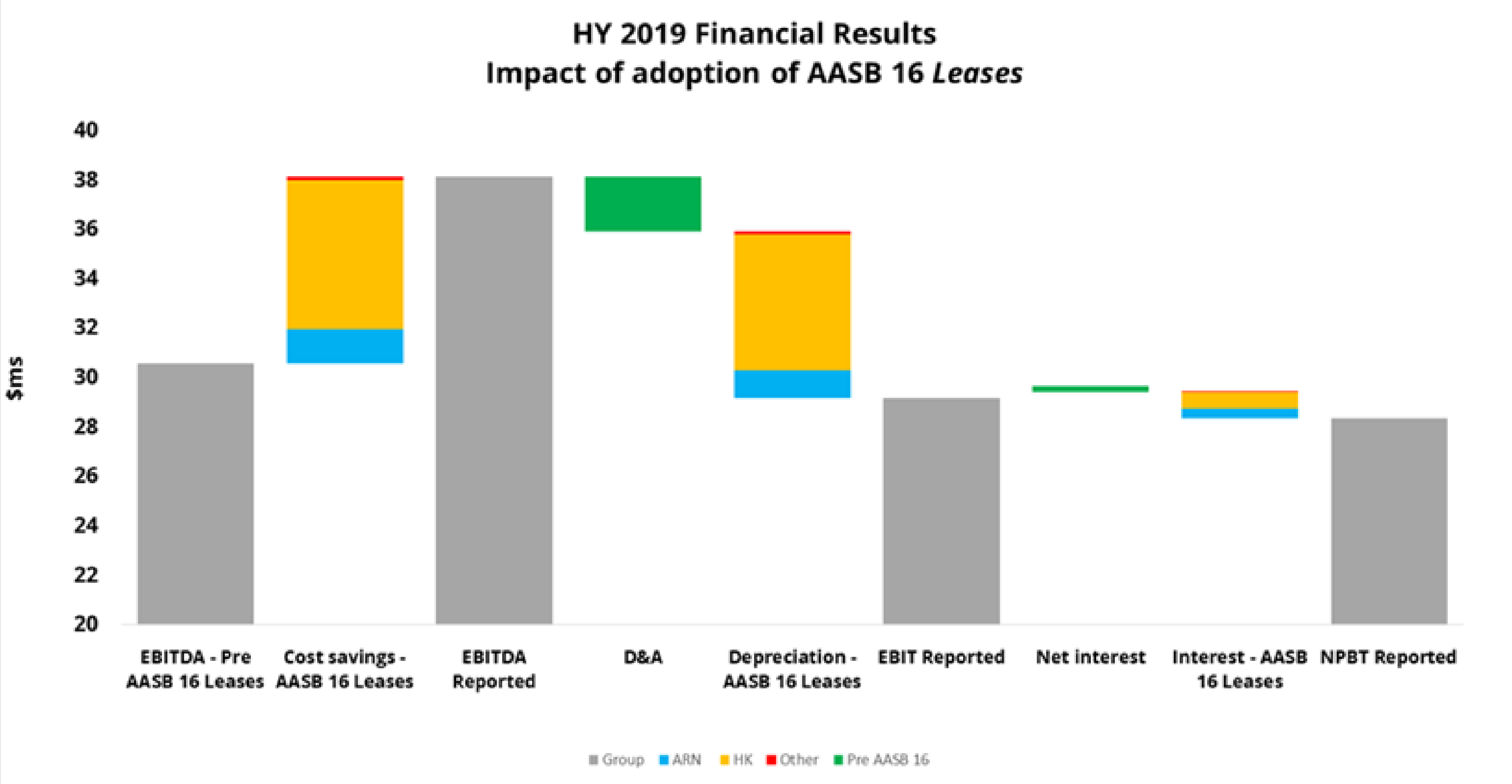
- Revenue from continuing operations down $6.1m (4%)
  - Softer Australian radio market
  - Non-renewal of material Cody contract (end 2018) offsets other asset growth
- Costs down $14.0m
  - $7.6m attributable to adoption of AASB 16
  - ARN savings from lower variable cost of sales and marketing rebalancing
  - Cody contract non-renewal
  - Corporate cost savings as a result of group simplification (ongoing)
- Underlying EBITDA from continuing operations up 26%; *up 1% pre transition*
- Net interest income: interest on cash offsetting commitment fees. 2018 based on drawn debt pre Adshel settlement
- Effective tax rate on continuing operations of 29.1% (2018: 31.5%)
- Exceptional items relate to post Adshel team restructuring changes and costs related to the closure of Gfinity Esports Australia
- Underlying EPS up 45%
- Final fully franked interim dividend of 4.0 cents per share

A$ million	2019	2018[1]
Revenue before finance income	130.9	137.0
Other income	2.2	3.2
Share of associate profits	0.8	0.0
Costs	(95.8)	(109.8)
Underlying EBITDA[2]	**38.1**	**30.4**
Depreciation and amortization	(2.2)	(2.7)
Depreciation – AASB 16	(6.7)	-
Underlying EBIT[2]	**29.2**	**27.6**
Net interest income / (expense)	0.2	(4.1)
Finance cost – AASB 16	(1.1)	-
Net profit before tax[2]	**28.3**	**23.5**
Taxation on net profit	(8.2)	(7.4)
Net profit after tax (NPAT)[2]	**20.1**	**16.1**
Less non-controlling interest	(2.0)	(2.6)
NPAT attributable to HT&E shareholders[2]	**18.1**	**13.5**
Exceptional items net of tax	(4.8)	1.3
NPAT from discontinued operations	-	12.4
NPAT attributable to HT&E shareholders	**13.3**	**27.2**
Underlying EPS (cps) [3]	6.3	4.4
Interim dividend per share (cps)	4.0	3.0

(1) 2018 not restated for transition to AASB 16 *Leases*
(2) Before exceptional items and discontinued operations

H1 2019 impact of AASB 16 *Leases*

- AASB 16 *Leases* adopted from 1 January 2019
- Modified retrospective approach used with comparative information not restated
- H1 2019 EBITDA is significantly improved but impact is offset by depreciation and lease interest
- Key financial impacts on adoption in HY 2019 include:
  - Rental costs ($7.6m) essentially recharacterised as depreciation ($6.7m) and financing costs ($1.1m)
  - Net impact on NPBT limited (-$0.2m); future lease changes may impact more significantly
  - Gross up of balance sheet via recognition of lease liability ($62.6m) and right-of-use asset ($55.0m)
- Refer Appendix for additional details



ARN

- ARN revenue down 3.8% in radio market down 2.4% (compared to growth of 5.9% in 2018)
  - Q1 revenue decline of ~ 5%
  - Q2 saw improvement in April, and gradual market deterioration into June
  - Market share held steady in Q2
- Total costs down 6%; *down 4% pre transition*
  - Costs of sales down $1.2m on lower revenue
  - Staff and talent costs up 3% on contracted talent increases and investment in digital capability
  - Operating costs savings include the benefit of reduced rental expense ($1.4m) on adoption of AASB 16
  - Marketing savings of $2.4m vs high H1 in 2018 (new shows launched)
  - Other operating costs down $0.9m from numerous saving initiatives
- Margin held steady at 31% on a pre-lease adjusted basis; improves to 32% under adoption of AASB 16
- EBITDA marginally ahead of last year; *down 3% pre transition*

A$ million	2019	2018[1,2]	% change
Radio	107.7	113.7	(5%)
Digital & Other	7.4	5.9	26%
Total revenue	**115.0**	**119.6**	**(4%)**
Cost of sales	(20.9)	(22.1)	(6%)
Staff and talent	(40.4)	(39.2)	3%
Operating costs[3]	(16.4)	(21.0)	(22%)
Total costs	**(77.7)**	**(82.4)**	**(6%)**
EBITDA	**37.3**	**37.2**	**0%**
D&A	(2.1)	(2.5)	(16%)
Depreciation – AASB 16	(1.1)	-	-
EBIT	**34.1**	**34.7**	**(2%)**
EBITDA Margin	32%	31%	

(1) 2018 not restated for transition to AASB 16 *Leases*
(2) 2018 revenue and costs restated for impact of integration of Conversant Media completed in H2 2018
(3) Operating costs include $1.4m of reduced rental expense on adoption of AASB 16 (2018: nil)

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Hong Kong Outdoor

- Revenue growth in all marquee cross harbour tunnel and tram assets:
  - Western Harbour Tunnel up 7%
  - Eastern Harbour Tunnel up 8%
  - Tram shelters up 13% on improved occupancy
- Final break-even / loss making contract exited in Dec18:
  - Revenue of $2.3m and costs of $2.5m in H1 2018 from Hung Hing Road decommissioned at the end of 2018
- Revenue from non-exclusive sites down $1.0m with fewer sites available in the market
- Costs down 59% (local currency); *down 21% pre transition*:
  - $6.1m of rental expense recharacterised;
  - Other direct costs down 25% on a like for like basis
  - Ex-rent overheads up 9% with higher staff costs partially offset by lower marketing spend
- *EBITDA (pre transition) of $0.9m up more than 200% on a like for like basis*

A$ million	2019	2018[1,2]	% change	Local currency % change
Roadside[2]	8.2	10.9	(25%)	(29%)
Transit	5.3	4.4	20%	13%
Total Revenue	**13.5**	**15.3**	**(12%)**	**(17%)**
Total Costs[3]	(6.5)	(15.0)	(57%)	(59%)
EBITDA	**6.9**	**0.3**	**>100%**	**>100%**
D&A	(0.1)	(0.2)	(67%)	(69%)
Depreciation – AASB 16	(5.5)	-	-	-
EBIT	**1.4**	**0.1**	**>100%**	**>100%**
EBIT Margin	10%	1%		

(1) 2018 not restated for transition to AASB 16 *Leases*
(2) 2018 includes Hung Hing Road decommissioned in December 2018
(3) Total costs include $6.1m of reduced rental expense on adoption of AASB 16 (2018: nil)

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Non-audio Investments: review underway

A$ million	Ownership	Investment Carrying Value	LTM EBITDA	Status
Emotive	51%	Consolidated	$1.0m	• Continues to deliver to strategic plan
HT&E Events / Gfinity Australia	50% / 35%	Nil	Loss making	• Closure announced for Nov19 once current year commitments have been completed
Unbound Group	50%	~ $3.7m*	Break even	• Platform launching September with NBA content partnership • Commercial pipeline continues to grow
Soprano	~ 25%	$15.4m	$14.3m	• Strong operating performance: FY19 best year ever (refer p11) • Ongoing review of options; monitoring local and global peers closely

- Portfolio review assessing:
  - Ability to integrate into ARN / Audio strategy
  - Investment need for cash vs near term opportunity to commercialise / exit
  - Value maximisation options

* Plus shareholder loans ~$4.2m

Soprano

- Soprano is an independent software vendor providing a Communication Platform as a Service (CPaaS) offering for enterprise and government customers across 14 countries
- SOPRANO Mobile Enterprise Messaging Suite (MEMS) provides web-based application software and APIs to simplify the orchestration of "Trusted Mobile Interactions" using SMS, MMS, Email, Voice, IP, RCS, WhatsApp, FBM and WeChat
- 4.8 Billion Trusted Mobile Interactions in FY19
- Revenue growth in all regions and majority of countries:
  - APAC up 26%
  - Europe and UK up 15%
  - Americas up 21%
- New product initiatives for dynamic event management, policy control and certified secure communications to drive growth in FY20 and FY21

A$ million	FY 2019	FY 2018	% change
Revenue	62.0	50.7	22%
Cost of sales	(26.1)	(20.4)	28%
Gross profit	**35.9**	**30.3**	**18%**
Staff costs	(16.3)	(13.1)	24%
Operating costs	(5.3)	(4.5)	18%
Total costs	**(21.6)**	**(17.6)**	**22%**
EBITDA	**14.3**	**12.7**	**13%**
D&A	(1.1)	(1.8)	(37%)
EBIT	**13.2**	**10.9**	**21%**
GP Margin	58%	60%	
EBITDA Margin	23%	25%	

Soprano results are reported on a financial year ending June and therefore not subject to AASB 16 adoption at this point in time. FY18 results audited; FY19 results in the process of being audited

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Corporate Costs

- H1 cost savings driven by post- Adshel team restructure and office downsizing
  - Further savings expected in H2 and into 2020
- Compliance and advisor costs up associated with non-audio portfolio review
- Tax dispute costs in line as ATO dispute management continues

A$ million	2019	2018	% change
Salary & wages	2.2	2.6	(13%)
Group incentives provided for	1.2	1.3	(7%)
Board costs	0.4	0.5	(23%)
Compliance and advisor costs	1.3	1.0	33%
Tax dispute costs	0.9	0.9	0%
Overheads (rent, office, other)[1]	0.7	1.4	(46%)
Total Corporate costs	**6.8**	**7.7**	**(11%)**

(1) Overheads include $0.1m of reduced rental expense on adoption of AASB 16 (2018: nil)

Balance Sheet

- AASB 16 *Leases* adoption grosses up balance sheet:
  - Right-of-use assets: $55m
  - Lease liabilities: $62.6m (split between current and non-current in the 4D)
- Other key like-for-like balance sheet movements:
  - Final tax instalment for FY18 of $16.6m (in other current liabilities) paid in May 2019
  - Working capital movements due to timing / quantum of ARN revenue v prior year
- Other non-current assets includes $51m deposit of tax in dispute

	Reported	Back out leases	Pro forma	Reported	Change
A$ million	**Jun 2019**	**Jun 2019**	**Jun 2019**	**Dec 2018**	**$**
Cash and cash equivalents	107.7	-	107.7	128.4	(20.7)
Receivables	60.8	-	60.8	55.2	5.6
Tax asset	3.1	0.5	3.5	-	3.5
Other current assets	2.6	-	2.6	2.3	0.3
Property, plant & equipment	19.9	-	19.9	16.6	3.3
Right-of-use assets	55.0	(55.0)	-	-	-
Intangible assets	429.1	-	429.1	429.6	(0.5)
Other non-current assets	113.1	-	113.1	116.1	(3.0)
Total assets	**791.1**	**(55.0)**	**736.6**	**748.1**	**(11.5)**
Payables	25.1	3.5	28.2	24.2	4.0
Other current liabilities	15.6	0.0	15.6	29.3	(13.7)
Lease liabilities	62.6	(62.6)	-	-	-
Deferred tax liabilities	116.5	1.5	118.0	117.6	0.4
Other non-current liabilities	4.5	(0.2)	4.3	4.9	(0.6)
Total liabilities	**224.3**	**(58.2)**	**166.5**	**176.0**	**(10.0)**
Net assets	**566.9**	**3.8**	**570.6**	**572.1**	**(1.5)**
Net debt / (cash)	**(45.1)**	**(62.6)**	**(107.7)**	**(128.4)**	**20.7**

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Cash Flow

- Operating cash inflow of $9.3m
- Group tax instalment payments reflect current year ($4m) and 2018 ($16.6m)
- Capex includes $4.1m for fitout at new ARN Brisbane premises.
- Investments represent additional investment and loans to Unbound JV
- Payments for treasury shares to satisfy equity obligations for 2017 and 2018 TIP incentives
- Share buyback: 0.7m shares acquired at an average of $1.75

A$ million	Jun 2019	Jun 2018 Continuing Operations	Jun 2018 Reported
EBITDA	38.1	30.4	51.0
Net change in working capital, non-cash and exceptional items (see page 32)	(8.5)	4.0	(5.3)
Net interest received / (paid)	0.3	(3.9)	(3.9)
Net tax instalments paid	(20.6)	(23.1)	(25.0)
	9.3	**7.4**	**16.7**
Deposit of tax in dispute	-	(50.7)	(50.7)
Net operating cash flow before investing activities	**9.3**	**(43.3)**	**(34.0)**
Capital expenditure	(5.3)	(1.5)	(11.9)
Investments	(1.7)	(3.2)	(3.2)
Cash received from associates and other entities	2.3	3.0	3.0
Net cash flow before financing	**4.6**	**44.9**	**(46.1)**
Payments for treasury shares	(2.5)	(0.2)	(0.2)
Dividends paid to shareholders	(11.4)	(12.4)	(12.4)
Share buy back	(1.2)	-	-
Payments to non-controlling interests	(2.4)	(3.0)	(3.0)
Net cash flow before debt items	**(13.1)**	**(60.5)**	**(61.7)**
Net proceeds of borrowing	-	56.3	56.3
Principal payments on finance leases	(7.6)	-	-
Net cash flow	**(20.7)**	**(4.3)**	**(5.4)**

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Net Debt / Cash

A$ million	Jun 2019	Dec 2018	Jun 2018
Cash at beginning of period	128.4	18.8	18.8
Foreign exchange	0.0	0.2	0.1
Net cash flow	(20.7)	109.4	(5.4)
Closing cash	**107.7**	**128.4**	**13.5**
Debt at beginning of period	-	133.6	133.6
Foreign exchange	0.3	0.2	0.1
Non cash increase to lease liabilities	69.8	-	-
Debt proceeds / (repayments)	(7.6)	(133.8)	56.3
Closing debt	**62.6**	**-**	**190.0**
Net debt / (cash)	**(45.1)**	**(128.4)**	**176.5**
Unamortised borrowing costs	(1.8)	(2.0)	-

- No drawn debt as at 30 June 2019
- Debt facilities refinanced in 2018, mostly to 2023; limits of $260m

Trading Update

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Trading Update

As noted earlier, the Australian radio market deteriorated post the Federal election, and this has continued into Q3. Short bookings suggests the market could be down mid-single percent in the quarter. Recent improvement in briefing activity is being observed for possible Q4 bookings.

Positioning ARN for that uplift is a core part of our agenda for H2. Maintaining the right level of investment in resources and capability is therefore critical to ensuring ARN will successfully exploit its opportunities.

The changing shape of cost of sales as digital revenue grows, contracted talent and other cost increases, and other possible non-repeat savings from 2018, means that cost growth in H2 is likely to exceed revenue growth. A cost and efficiency review is continuing to identify opportunities to reduce operating expenditure.

Defining Audio

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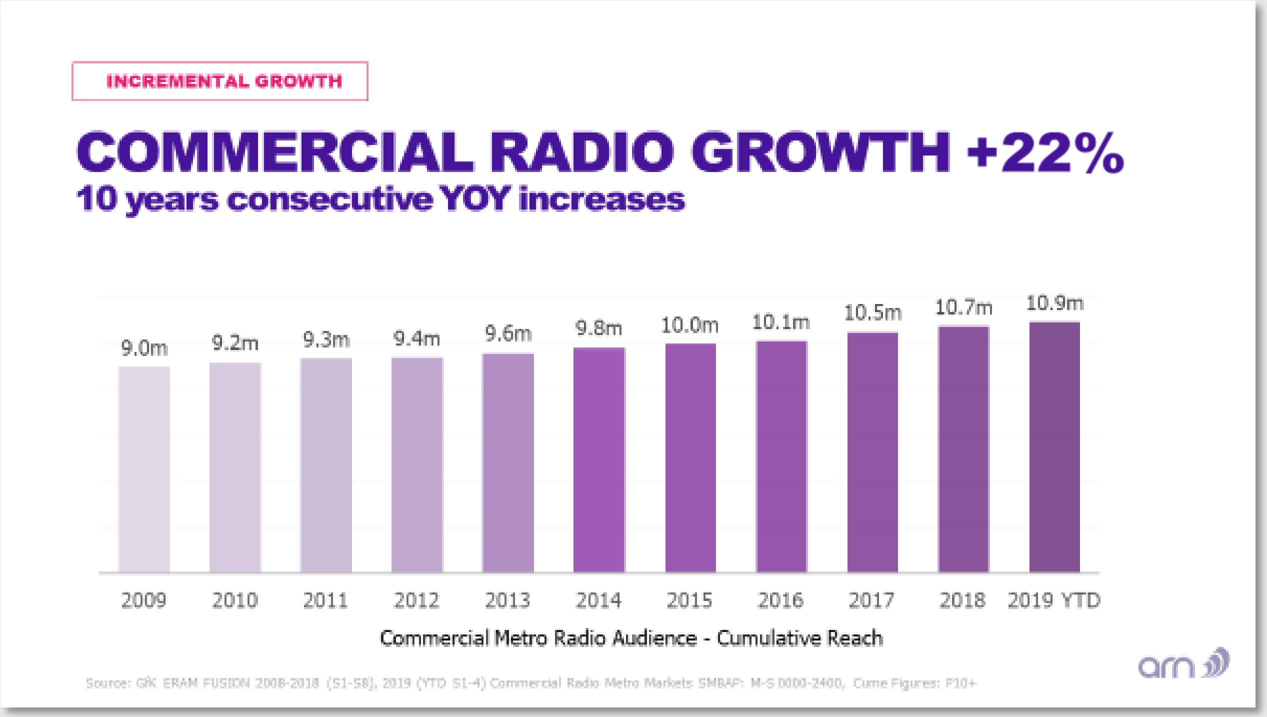
Radio performing strongly

- 10.9 million[1] weekly metro reach with commercial radio (S1-4:2019)
  - Up 11% vs last 5 years
- 62% of all audio listening is to radio making it by far the most consumed audio content by Australians[2] (4x more time spent listening than streaming)
- Time spent listening to radio is more than 2 hours per day and has remained at this level over the last 3 years[3]
  - Compares closely to TV[4] (2.5 hrs per day)
- Radio is the #1 source of music discovery
  - Radio rates 3x higher than Music Streaming for Music Discovery[5]
- 30% of Smart Speaker owners report listening to radio is one of the most used commands bringing radio back into the home[6]



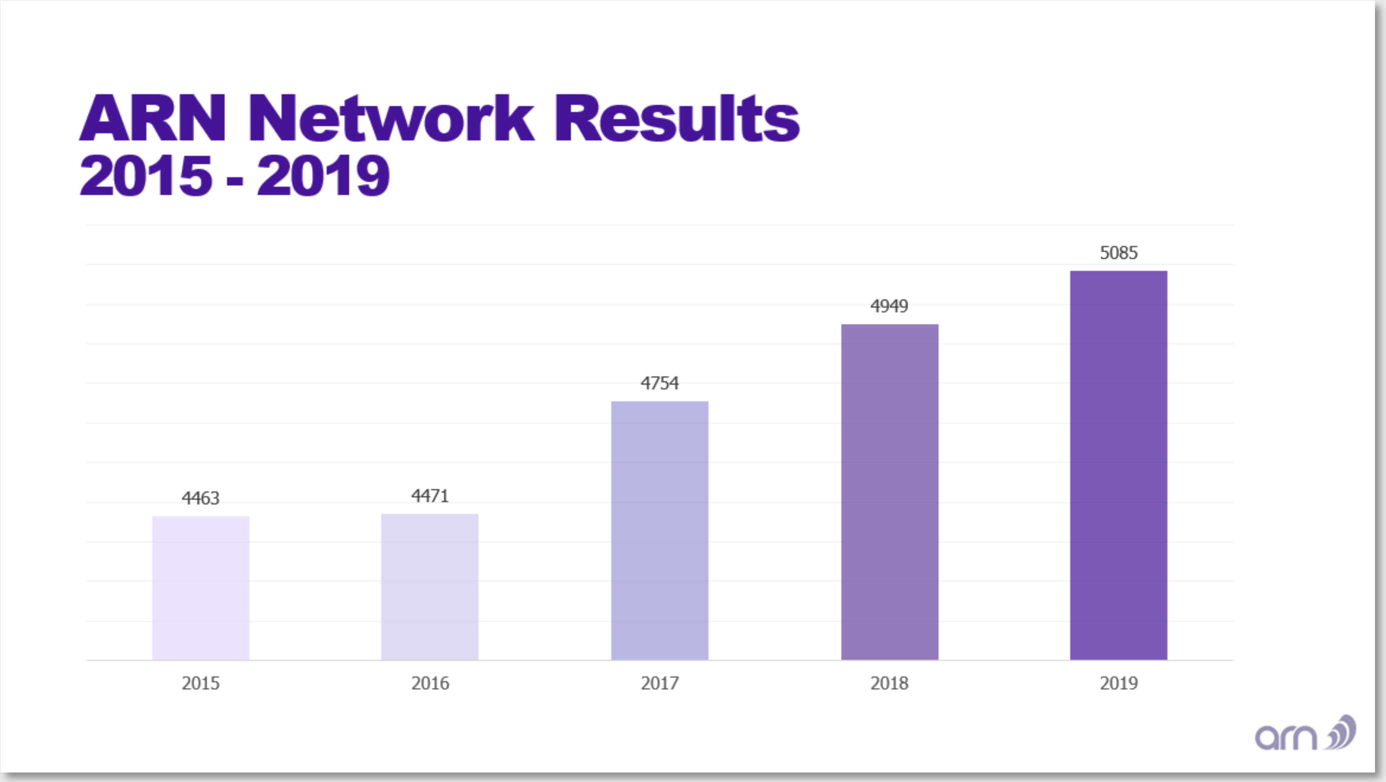
Source:
(1) GFK Metro: Mon-Sun 12:00am – 11:59pm, SMBAP Survey's 1-8:2018 to 1-4:2019, Cume 000's, All P10+
(2) GFK Share of Audio 2018, P10+
(3) GFK Share of Audio 2016, 2017, 2018
(4) thinktv.com.au - Q3 2018 Consolidated 28 day combined Oztam and Regional TAM databases with overlap homes de-duplicated
(5) ARN Audio Experience, TEG Insights, n=2,003 SMBAP, P18-64 years
(6) ARN Audio Experience, TEG Insights, n=2,003 SMBAP, P18-64 years

Growing Ratings

Network

- Record number of people tuning in each week: 5m+
  - KIIS Network: 3m +
  - Pure Gold Network: 2m +

- Total reach, inclusive of DAB+, continues to grow after record year in 2018



Source: GFK Metro. Mon-Sun 5:30am – 12:00mn, SMBAP Survey's 1-8:2015 to 1-4:2019, includes DAB+. Cume 000's, All P10+

Growing Ratings

SYDNEY

KIIS 1065 – Share % and Cume 2019 CYTD up v 2018 (CY average)

KIIS 1065 – Kyle & Jackie O No.1 Breakfast Show

WSFM – Jonesy & Amanda No.2 Breakfast Show

MELBOURNE

KIIS 101.1 – highest station audience since 2014

KIIS 101.1 – highest Breakfast audience since 2015

Gold 104.3 – 1m + audience

BRISBANE

97.3 & 4KQ – equal No.2 stations

ADELAIDE

MIX 102.3 – 25 consecutive No.1's

MIX 102.3 – No.1 FM Breakfast Show

PERTH

New leadership, new Breakfast Show

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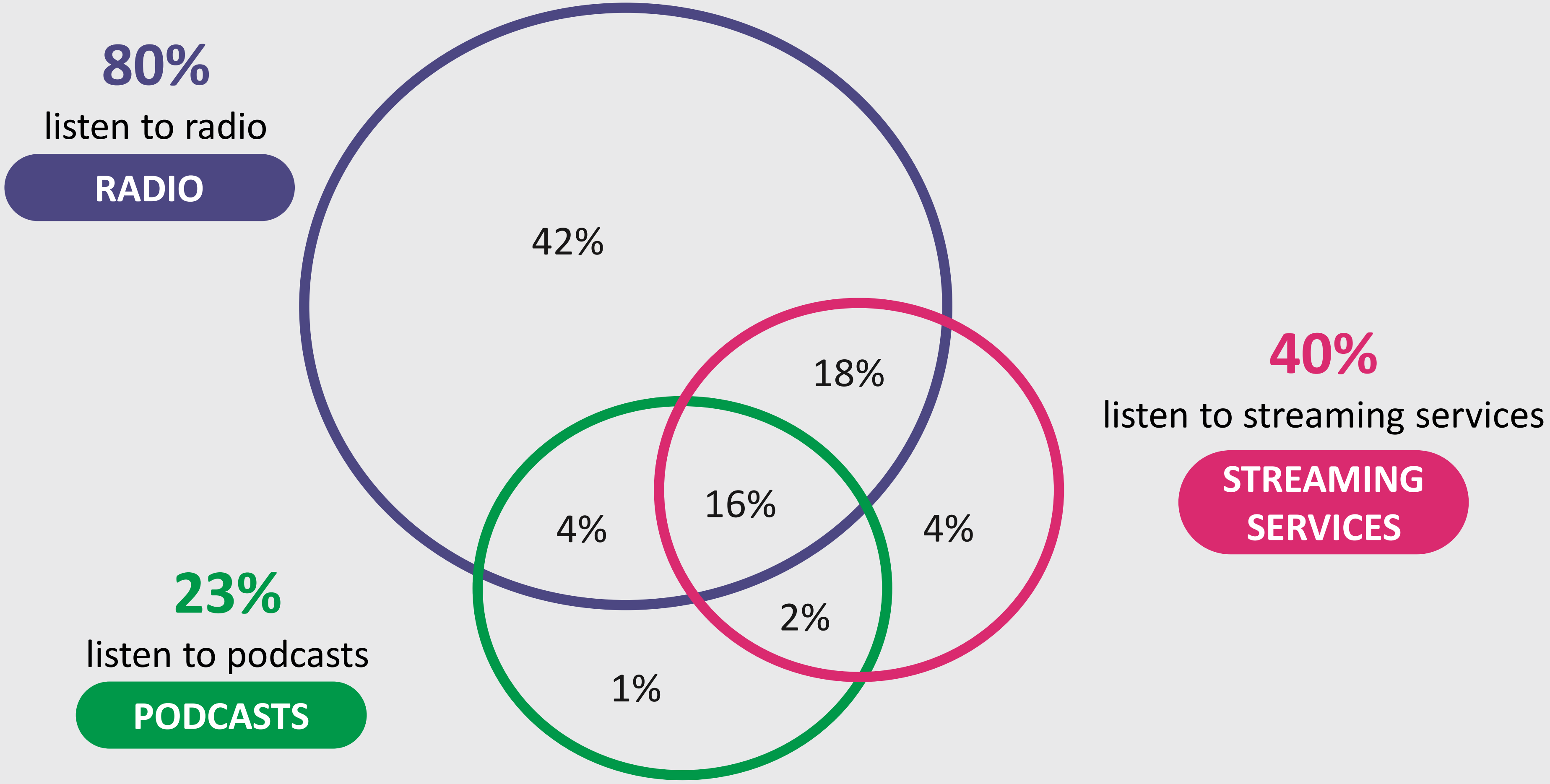
Source: GFK Metro. Mon-Sun 530am – 12midnight, Metro Survey 4:2019, Share %, Cume 000's, All P10+
Comparisons to GFK Metro. S1: 2014 – S4: 2019; Share %, Cume 000's, All P10+

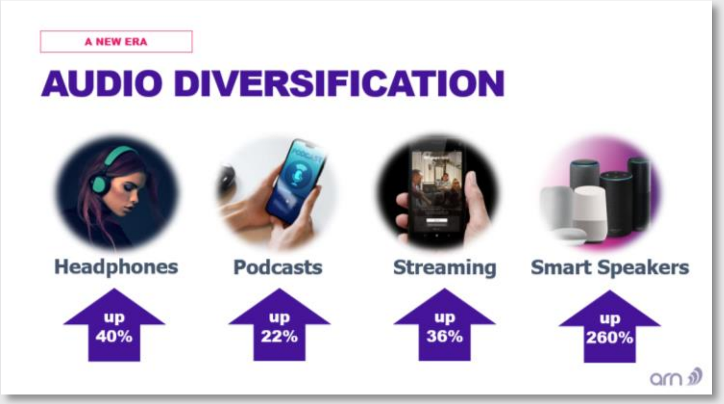
Unlike other media, fragmentation has not reduced radio listening and has increased contact opportunities

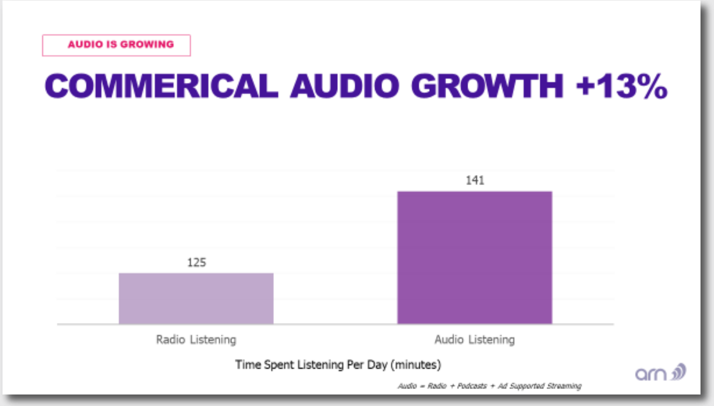


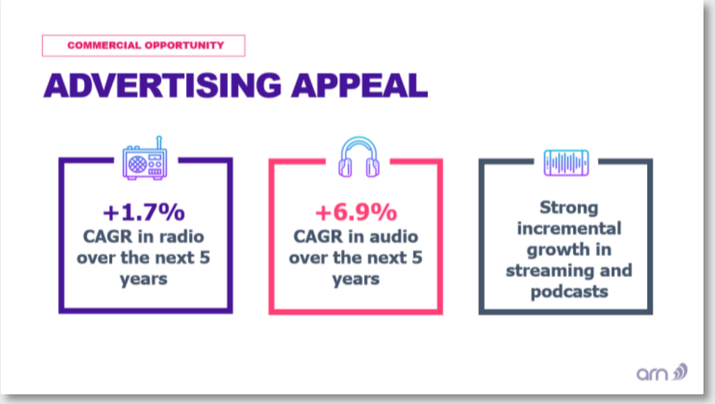
Source: IPG Mediabrands Audio Research, Nov 2018

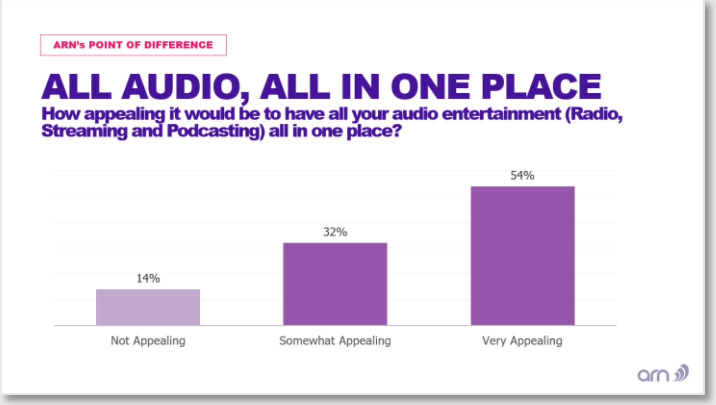
New audio content will grow incremental commercial opportunities

- Audio diversification growing new content opportunities[1]
- Providing an incremental +13%[2] of audio real estate each day (TSL)
- Strong advertiser appeal – +1.7% CAGR in radio and +6.9% CAGR in audio[3]
- Product and commercial strategy providing all audio, in one place, creates a point of difference[4]
- Something only ARN can do ….









Source:
(1) GfK: The global market for consumer electronics continues to grow (7/1/19); The Infinite Dial 2019, Edison Research
(2) GfK: Share of Audio 2018, P10+
(3) PWC Australian Entertainment & Media Outlook 2019-2023
(4) ARN Audio Experience, TEG Insights, n=2,003 SMBAP, P18-64 years

ARN. Defining Audio

- **Mission – To be everywhere our audiences want us to be with content they want**
- Using the strength of ARN's talent and success in broadcast radio
- Combined with iHeartRadio and build additional and complimentary audio content
- Growing incremental audiences
- Developing a unique combination of reach, trust and data-driven insights
- Uniquely, all under one roof

DAB+ integrating into audio strategy

- AM/FM broadcast plus DAB+ delivers 5.1m listeners
- Adding an incremental 214k listeners
- Listening to localised extensions of premium brands
- Available to be monetised locally and nationally
- And integrated into ARN total audio offering

NOTE:
ARN TRADITIONAL BROADCAST INCLUDES: KIIS Network, Pure Gold Network
ARN COMMERCIAL DAB+ INCLUDES: 80s, 90s, Edge Digital, Chemist Warehouse, Kinderling

Source: GfK Radio: Survey 4 2019: M-S 0000-2400, CUME FIGURES, National metro markets, DAB+ ARN stations: 80s, 90s, Edge Digital: P10+
Note: The Edge is sourced via GfK survey DAB+ station data under 'Edge Digital'

iHeartRadio integrating into audio offering

- All in one digital listening platform
  - Radio - Podcasts - Streaming
- Licence extended to 2036
- Promote in-app to drive users back to broadcast radio
- Podcast expansion to 250,000 podcasts with over 14m episodes. Largest library other than Apple
- Improved AI podcast recommendation engine to help podcast discovery
- 65+ device integration - now launched on Android TV, Telstra TV and Waze
- Use broadcast radio to grow app downloads and usage
- Increase number of registered users to strengthen 1st party data set
- Promote in-app to drive users back to broadcast radio

iHeart RADIO

	Jan-Jun 18	Jan-Jun 19	%
App downloads	1.7m	2m	20%
Registrations	1.1m	1.4m	27%
MAUs	540k	725k	34%
Time Spent Listening	2.9m hours	4.6m	59%

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Source:
App Downloads - App Stores (Apple & Google)
Registrations - iHeartMedia
MAUs - Nielsen DRM
TSL – ARN & iHeartMedia Streaming Logs

Simple commercial growth strategy

- Recruit and retain the best on-air talent to drive ratings success in broadcast radio
- Grow our share of radio advertising market
- Use iHeartRadio to build our own data set of listener insights
- Bring data, targeting and technology into our media planning capability
- Evolve our sales process to be more competitive with digital players
- Provide audio technology and branding services to support the marketing needs of clients

Summary

- Strategic focus on highly effective audio medium
- Only HT&E can provide all audio options in one place
- Current market conditions will impact results
- Shareholder value creation: revenue share and cost savings
- Exceptionally strong balance sheet and cash generation
- Interim dividend and policy lifted, buyback to recommence

Appendices

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Reconciliation of Segment Result to Statutory Result

	Segment result		Exceptional items		Statutory result	
A$ million	**2019**	**2018[1]**	**2019**	**2018**	**2019**	**2018[1]**
Revenue before finance income	130.9	137.0	–	–	130.9	137.0
Other income	2.2	3.2	–	–	2.2	3.2
Share of associate profits	0.8	0.0	–	–	0.8	0.0
Costs	(95.8)	(109.8)	(6.9)	1.4	(102.7)	(108.4)
Underlying EBITDA[2]	**38.1**	**30.4**	**(6.9)**	**1.4**	**31.2**	**31.7**
Depreciation and amortization	(2.2)	(2.7)	–	–	(2.2)	(2.7)
Depreciation – AASB 16	(6.7)	–	–	–	(6.7)	–
Underlying EBIT[2]	**29.2**	**27.6**	**(6.9)**	**1.4**	**22.2**	**29.0**
Net interest	0.2	(4.1)	–	–	0.2	(4.1)
Finance cost – AASB 16	(1.1)	–	–	–	(1.1)	–
Net profit before tax[2]	**28.3**	**23.5**	**(6.9)**	**1.4**	**21.4**	**24.9**
Taxation on net profit	(8.2)	(7.4)	2.2	(0.0)	(6.1)	(7.4)
Net profit after tax (NPAT) [2]	**20.1**	**16.1**	**(4.8)**	**1.3**	**15.3**	**17.5**
Less non-controlling interest	(2.0)	(2.6)	–	–	(2.0)	(2.6)
NPAT attributable to HT&E shareholders[2]	**18.1**	**13.5**	**(4.8)**	**1.3**	**13.3**	**14.9**
NPAT from discontinued operations	–	4.1	–	8.2	–	12.4
NPAT attributable to HT&E shareholders	**18.1**	**17.6**	**(4.8)**	**9.6**	**13.3**	**27.2**

(1) 2018 not restated for transition to AASB 16 *Leases*
(2) Before discontinued operations

Transition adjustment for adoption of AASB 16 *Leases*

A$ million	Reported	AASB 16 *Leases* Adjustment ARN	AASB 16 *Leases* Adjustment Hong Kong	AASB 16 *Leases* Adjustment Other	Result without adoption of AASB 16
ARN	37.3	(1.4)	–	–	36.0
Hong Kong	6.9	–	(6.1)	–	0.9
Digital Investments and Corporate	(6.1)	–	–	(0.1)	(6.3)
Underlying EBITDA[1]	**38.1**	**(1.4)**	**(6.1)**	**(0.1)**	**30.6**
Depreciation and amortisation	(2.2)	–	–	–	(2.2)
Depreciation – AASB 16	(6.7)	1.1	5.5	0.1	–
Underlying EBIT[1]	**29.2**	**(0.2)**	**(0.6)**	**(0.0)**	**28.4**
Net interest	0.2	–	–	–	0.2
Finance cost – AASB 16	(1.1)	0.4	0.7	0.0	–
Net profit before tax[1]	**28.3**	**0.1**	**0.1**	**(0.0)**	**28.6**
Taxation on net profit	(8.2)	(0.0)	–	0.0	(8.3)
Net profit after tax (NPAT) [1]	**20.1**	**0.1**	**0.1**	**(0.0)**	**20.3**
Less non-controlling interest	(2.0)	–	–	–	(2.0)
NPAT attributable to HT&E shareholders[1]	**18.1**	**0.1**	**0.1**	**(0.0)**	**18.3**
Exceptional items net of tax	(4.8)	–	–	–	(4.8)
NPAT attributable to HT&E shareholders	**13.3**	**0.1**	**0.1**	**(0.0)**	**13.6**

(1) Before exceptional items

Cash Flow – Working Capital

Working capital from continuing operations YoY variance includes timing of receipts from ARN debtors, and more accrued expenses at Dec 2018 paid in June 2019 compared to the prior reporting period.

A$ million	Jun 2019	Jun 2018 Continuing Operations	Jun 2018 Reported
Net changes in working capital	(3.6)	6.2	(3.2)
Deduct non-cash items, share of associates NPAT net of cash / dividends from investments	(2.2)	(2.0)	(2.2)
Recurring	**(5.8)**	**4.0**	**(5.3)**
Redundancies	(1.7)	–	–
Acquisition related incentive paid to Unbound JV partner	(1.0)	–	–
Non-recurring	**(2.7)**	**–**	**–**
Net change in working capital, non-cash and exceptional items	**(8.5)**	**4.0**	**(5.3)**

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Additional Financial Information

Exceptional items: continuing operations

Continuing operations (A$ million)	2019	2018
Redundancies	(1.7)	–
Costs related to the closure of Gfinity Esports Australia	(5.3)	
Reversal of Conversant Media earn out provision	–	1.4
	(6.9)	**1.4**
Income tax expense on exceptional items	2.2	(0.0)
Exceptional items, net of tax	**(4.8)**	**1.4**

Exceptional items: discontinued operations

Discontinued operations (A$ million)	2019	2018
Reversal of compliance obligation provisions	–	16.1
Onerous contract provision	–	(3.7)
Transaction costs	–	(0.5)
	–	**12.0**
Income tax expense on exceptional items	–	(3.7)
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

Currency

	AUD / HKD	
	2019	2018
June half average	5.540	6.045
Full year average	–	5.859
Period end rate - June	5.487	5.811
Period end rate - December	–	5.523

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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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