



2019 Annual General Meeting

9th May 2019

HT&E Limited
ABN 95 008 637 643





Agenda

Executive Summary

2018 Financial Results

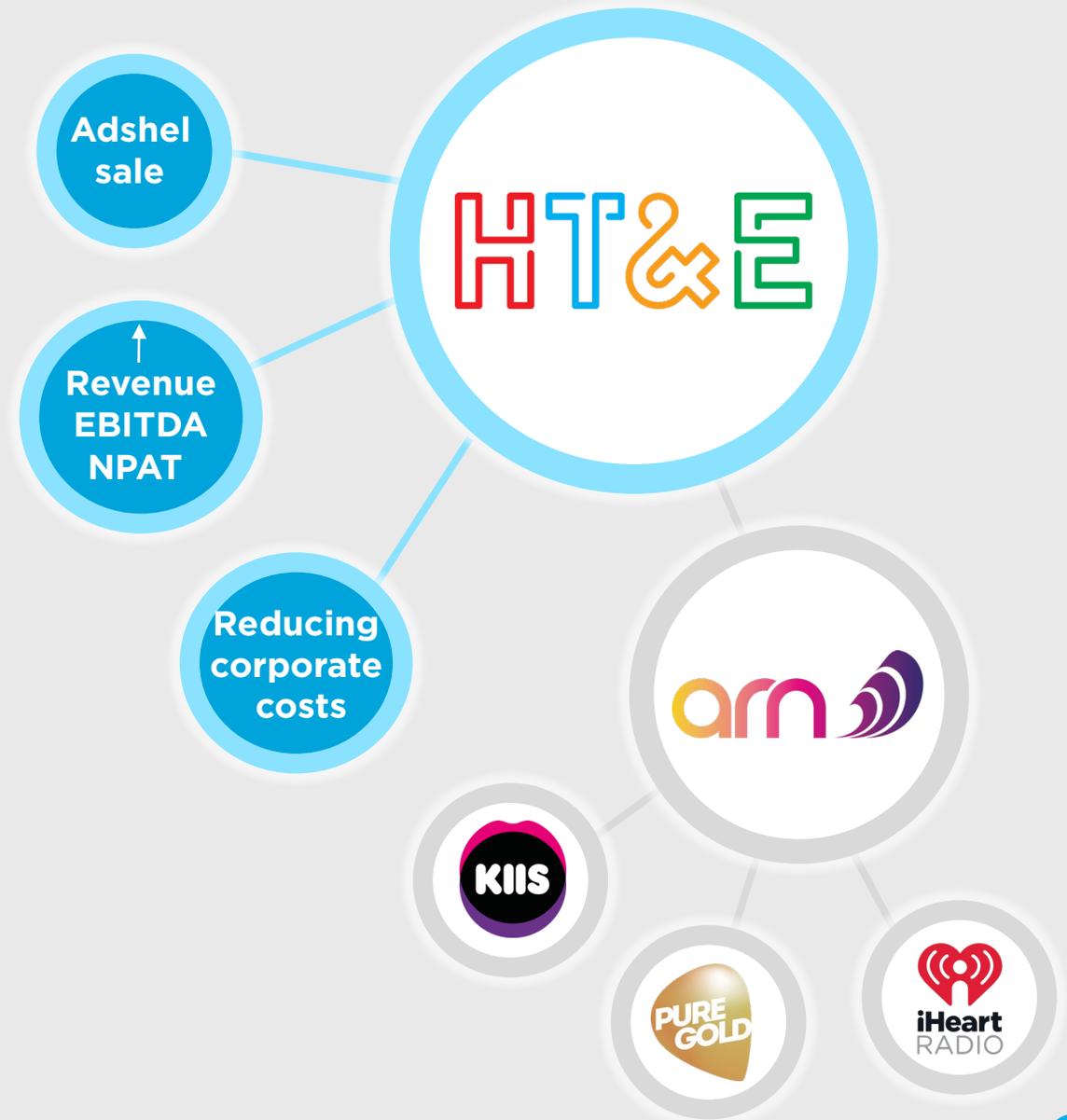
ARN – A Digitally Enabled Audio Business

Trading Update



Executive Summary

- Delivering value for shareholders
- Robust operating performance
- Revenue, EBITDA and NPAT growth
- Simplifying structures and reducing corporate costs
- ARN - highly cash generative with exceptional margins
- Focused on the core radio and audio business



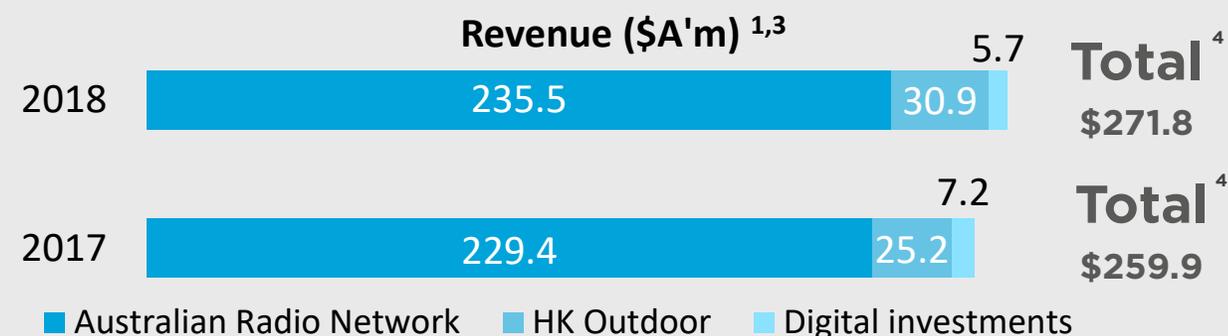
2018 Financial Results

Statutory Results

- Statutory results excludes Adshel
- Reported revenue up 5%
- EBITDA up 7%; EBIT up 10%
- NPAT up 23%
- Net cash of \$128.4m
- Ordinary fully franked dividends of 7 cents plus special fully franked dividend of 72 cents per share paid in 2018

HT&E Reported Result (excluding Adshel)

A\$ million	2018	2017 ¹	% change
Revenue from continuing operations ¹	271.8	259.9	5%
EBITDA ²	71.8	66.9	7%
EBIT ²	67.2	61.2	10%
NPAT attributable to HT&E shareholders ²	36.7	29.7	23%



- (1) 2017 revenue and costs restated for impact of accounting policy changes
 (2) Before exceptional items and discontinued operations
 (3) Before group eliminations and discontinued operations
 (4) After group eliminations

ARN – 2018 Outcomes

- Radio market grew 3.5% in 2018
 - 5.9% in H1; 1.3% in H2
- ARN revenue \$235.5m (+3%)
- Agency revenue +6%
- Direct market – challenging year
- EBITDA \$84.6m (+1%)
- EBITDA margin held steady at 36%

A\$ million	2018	2017	% change
Agency	154.3	145.2	6%
Direct	68.0	70.9	(4%)
Digital & Other	13.2	13.3	(1%)
Total revenue	235.5	229.4	3%
Cost of sales	(42.2)	(41.5)	2%
Staff and talent	(77.9)	(77.6)	0%
Operating costs	(30.8)	(27.0)	14%
Total costs	(150.9)	(146.1)	3%
EBITDA	84.6	83.4	1%
D&A	(4.1)	(5.0)	(17%)
EBIT	80.5	78.4	3%
EBITDA Margin	36%	36%	

2017 revenue and costs restated for impact of accounting policy change and integration of Conversant Media

Hong Kong Outdoor

- Significant turnaround in performance, first profitable full year since 2015
- Revenue growth in all cross harbour tunnel and tram assets
- Costs down 6% (local currency) from strict cost management
- Final unprofitable contract exited in December 2018

A\$ million	2018	2017	% change	Local currency % change
Roadside	20.7	18.7	11%	9%
Transit *	10.1	5.3	91%	87%
Buzplay	-	1.1	(100%)	(100%)
Total Revenue	30.9	25.2	23%	20%
Total Costs	(29.6)	(30.9)	(4%)	(6%)
EBITDA pre provision release	1.2	(5.7)	n/a	n/a
Utilisation of Buzplay provision	-	4.0	(100%)	(100%)
EBITDA	1.2	(1.8)	n/a	n/a
D&A	(0.3)	(0.3)	(4%)	(6%)
EBIT	0.9	(2.1)	n/a	n/a
EBITDA Margin	4%	(7%)		

* Includes full year effect of tram shelter contract: 12 months (2018) vs 8 months (2017)

Net Debt / Cash

- Adshel proceeds of \$550m (net of costs and cash transferred with the business) used to repay drawn debt, fund \$222.4m special dividend and of just under \$40m share buyback (to date)
- Debt facilities refinanced, mostly to 2023; limits of \$260m

A\$ million	Dec 2018	Jun 2018	Dec 2017
Gross debt	-	190.0	133.6
Less: Cash	(128.4)	(13.5)	(18.8)
Net debt	(128.4)	176.5	114.8
Unamortised borrowing costs	(2.0)	-	(0.5)



Strategic Priorities

- Optimising performance of our core business
- Corporate structure
 - Simplify management structure
 - Reduce corporate costs
 - Aim by end 2019 to have run-rate of \$10m excluding costs of ATO dispute
- Digital investments under review

Digital Investments – Under Review



- Provider of integrated esports and entertainment based video game solutions
 - Launched first city-based esports league in the country
 - Esports industry still in early stages of development
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- Early investment in creative technology business in VR/AR
 - Content driven strategy monetised through subscription, pay-per-view, advertising and sponsorship
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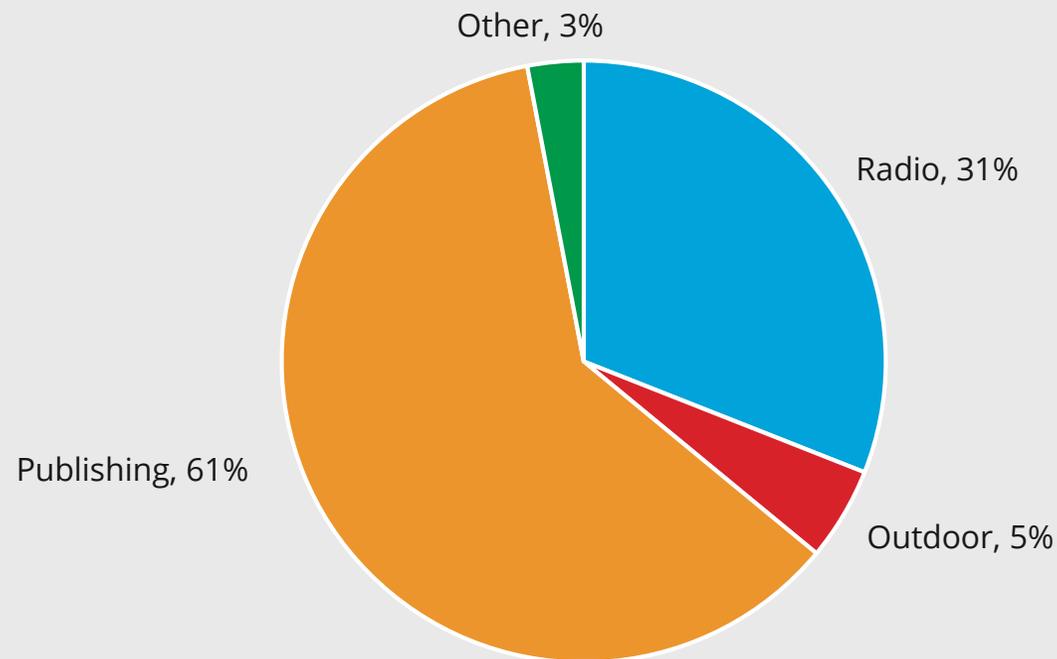
- HT&E has a 25% investment, continues its momentum through market, channel and customer acquisition and growth
- Manages > 3 billion trusted mobile interactions per annum, for some of the largest enterprises and governments in 14 countries



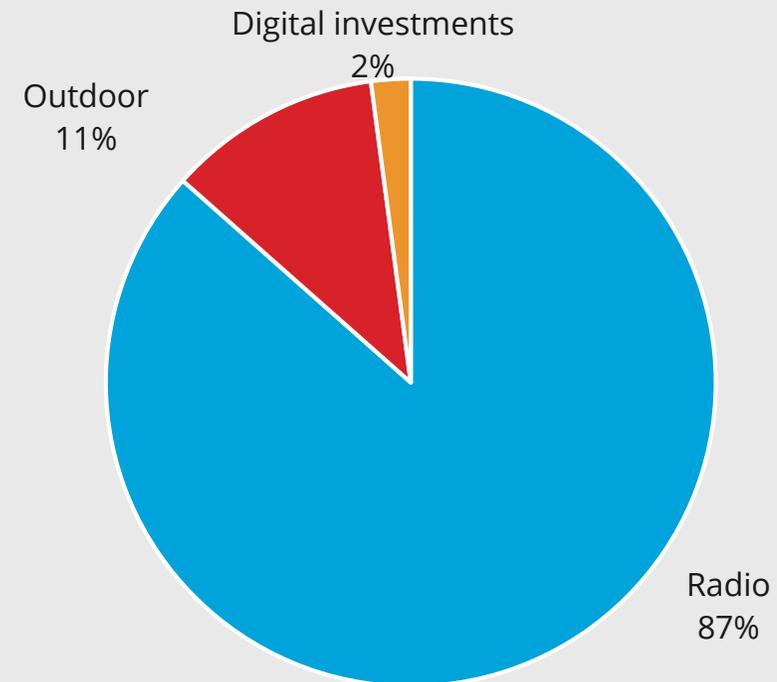
- Paid HT&E a dividend of \$1.25 million during 2018

Transformation of HT&E's Revenue Mix

December 2013



December 2018



Net debt Dec '13 (\$437m)

Net cash Dec '18 \$128m

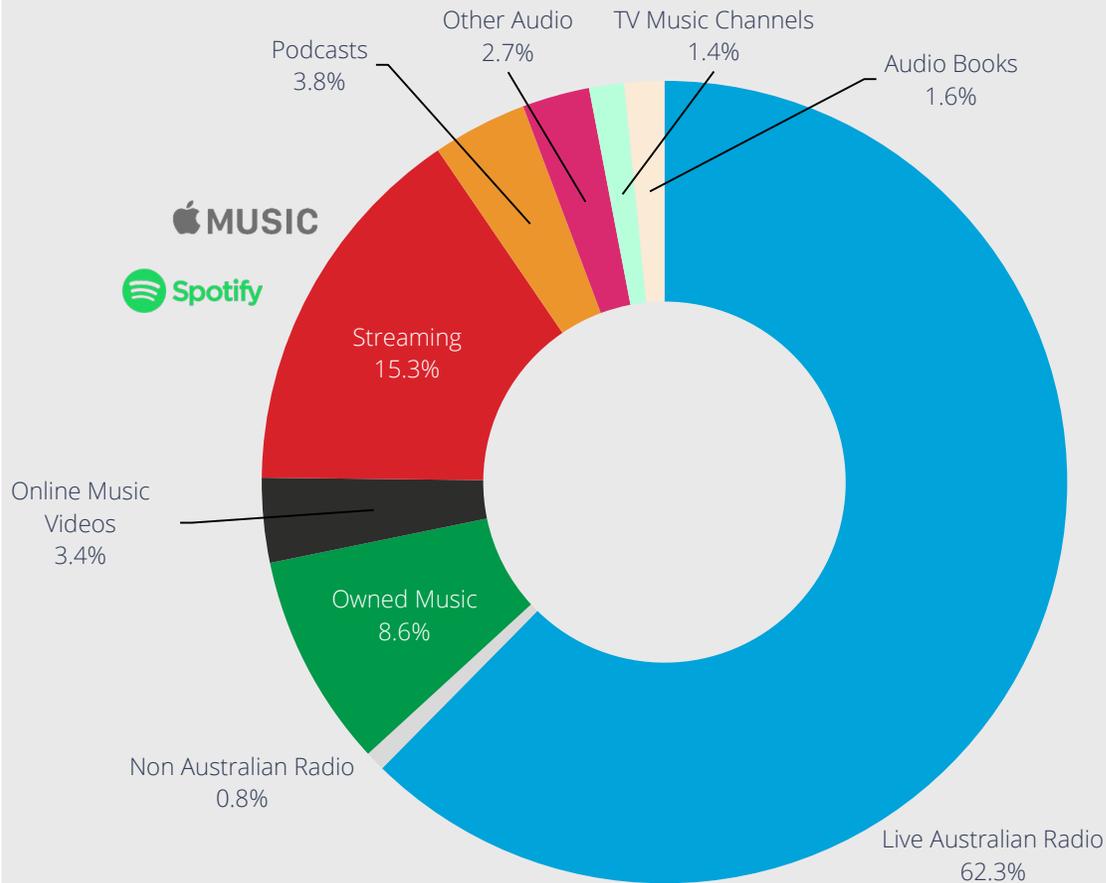


ARN – A Digitally Enabled Audio Business

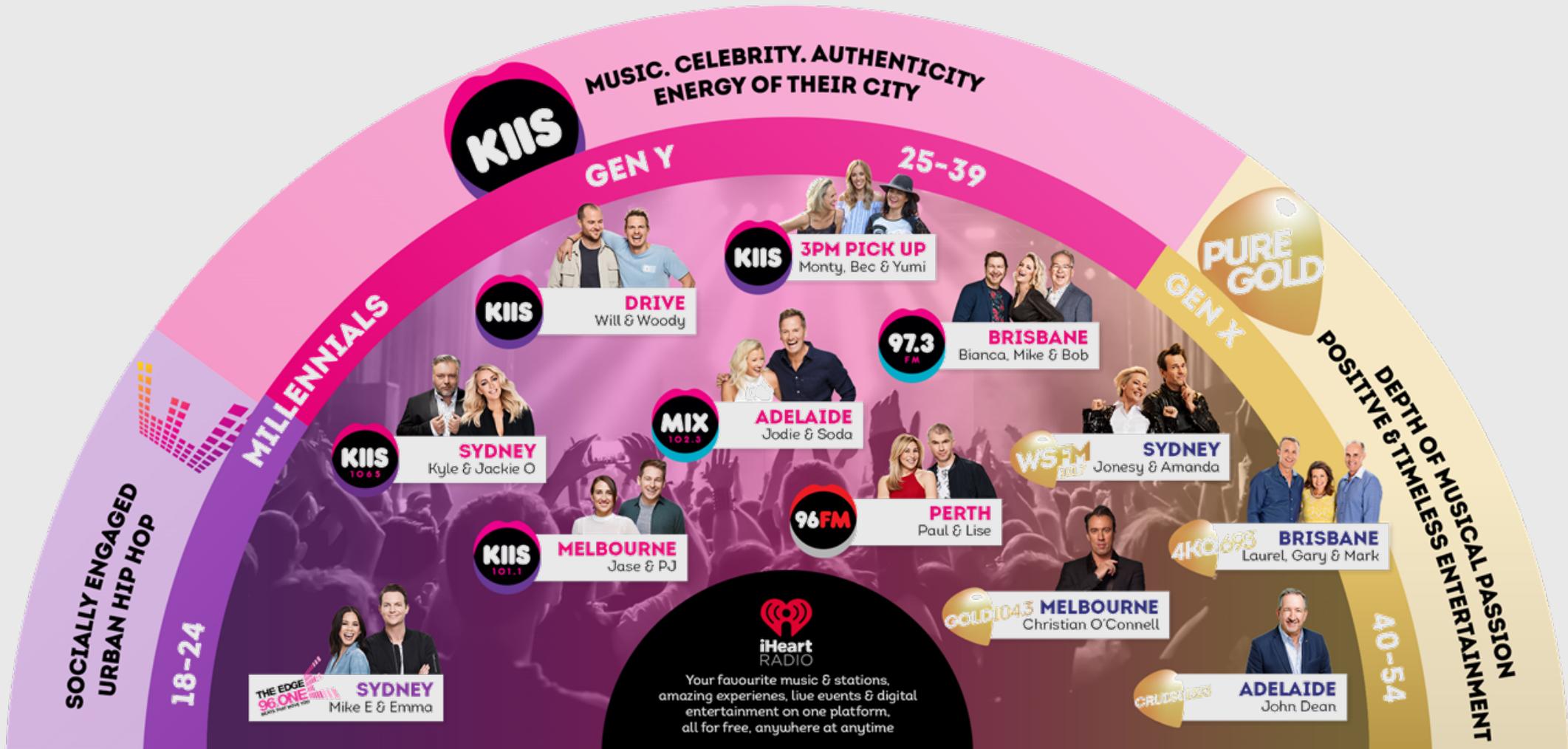
Audio consumption is evolving...

... and ARN is building for audio

SHARE OF AUDIO LISTENING



- Broadcast radio is #1 source for audio
- ARN successfully growing audiences
- Digital platforms extend audience reach
- iHeartRadio bringing broadcast radio and on-demand audio together
- Technology and data capability will enhance personalisation and targeted advertising
- Creating a unique audio experience in one place



- ON AIR
- MUSIC
- TALENT
- LIVE
- CONTENT
- DIGITAL
- SOCIAL
- MOBILE
- VIDEO
- LOCAL
- EXPERIENCES
- EVENTS

Digital Platforms Extend Our Reach



iHeartRadio – Bringing Broadcast Radio and On-demand Audio Together



Live Radio

50% usage listening to ARN Stations



Unlimited Digital Only Stations

Niche Formats to small to broadcast



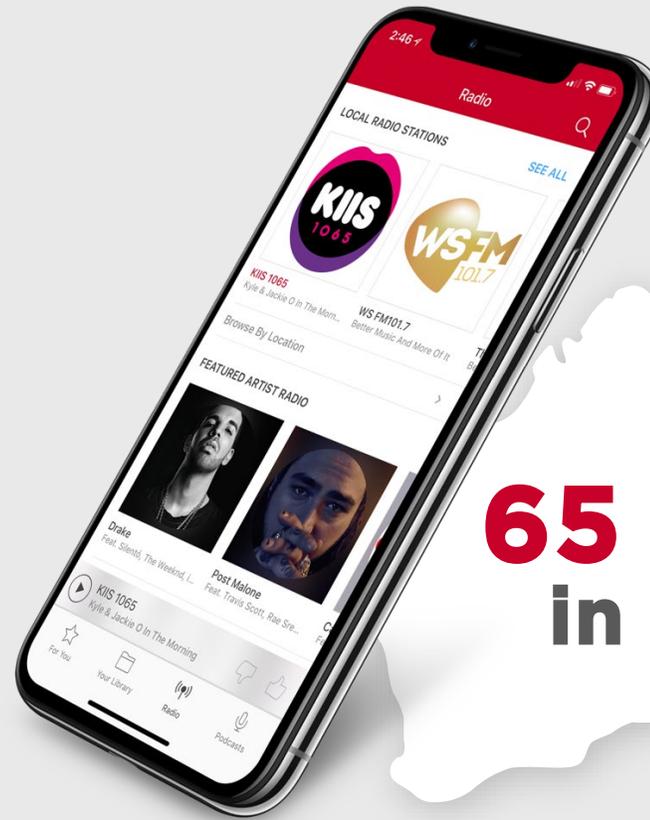
Artist/Music Stations

Created based on user tastes



Podcast

Largest library of podcasts in Australia



Across
65 Devices
in Australia

Largest library of podcast episodes in Australia

3m episodes available across every category

Business & Finance



Entertainment



History



True Crime



Society & Culture



Music



Sports



Health & Wellness



Comedy



Science & Technology



Parenting & Family

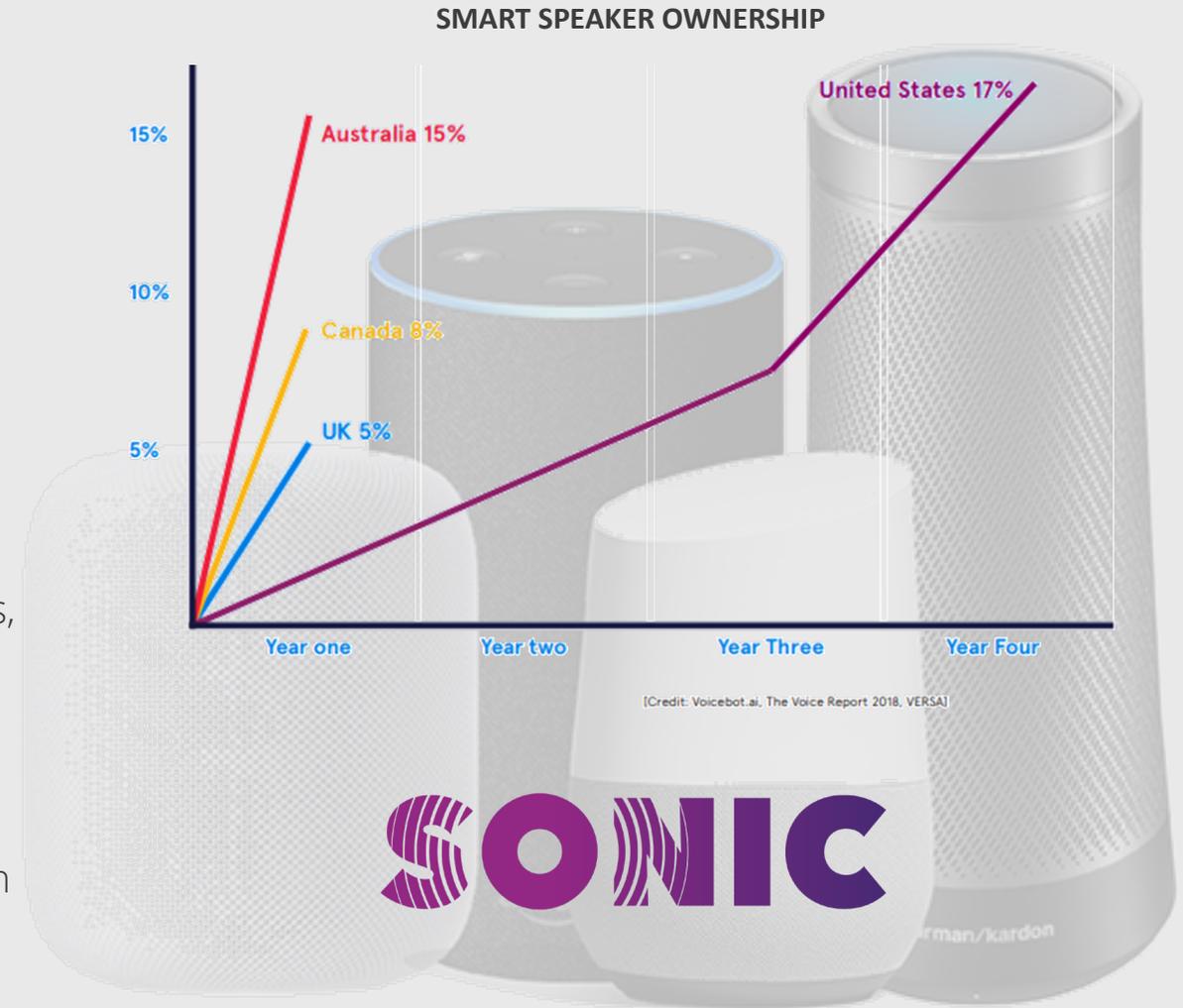


News & Politics



Smart Speakers – Bringing Radio Back into the Home

- 5.7m Australians now own a smart speaker (23%)¹
- 30% penetration – up from zero in 18 months¹
- 1.8m smart speakers per user, 10m devices have been sold in Australia¹
- Google Home has dominant market share v Amazon Alexa – the reverse of US experience¹
- 7 in 10 users says they listen to AM/FM radio on their smart speakers²
- Exciting innovations for the delivery of radio content for consumers, and audio branding and v-seo challenges for advertisers
- Only 17% of brands have audio brand guidelines
- ARN launched 'Sonic' in 2018 – an audio branding division that combines sound, technology and science to build brand strength in an audio environment



Creating a Complete Audio Experience in One Place

All forms of
Broadcast and
On-Demand
Audio content in
one place

Strengthens ARN
and brands

Attracts new
audiences with
expanded audio
content

Delivers unique
behavioural and
data insights into
audio
consumption

Positions ARN as
the only audio
publisher to deliver
integrated and
audio first
advertiser solutions

- Broadcast radio remains the driver of value
- Audio consumption is evolving
- Consumer uptake will accelerate and usage will take time to build
- Investing to build a truly digital enabled audio business

Trading Update



Trading Update

After a soft March, ARN's Q1 revenue was approximately 5% behind 2018's strong comps. April saw a year-on-year improvement, and based on forward bookings into May and June, we expect H1 revenue to be 2-3% behind prior year. First half cost savings of approximately 2% will mitigate the impact on EBITDA.

We continue to pursue cost savings in both radio and at the corporate office.

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HT&E uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as "non-IFRS financial measures" and include EBITDA before exceptional items, EBITA before exceptional items and net profit before exceptional items.

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.