MARKET ANNOUNCEMENT

HT&E 2018 HALF YEAR RESULTS

- Revenue from continuing operations up 10 per cent to $137 million; including Adshel, revenue would have been up 1 per cent to $235 million
- Strong Group EBITDA result up 28 per cent to $30.4 million; including Adshel, EBITDA would have been up 11 per cent to $51 million
- NPAT up 57 per cent to $13.5 million; including Adshel, NPATA would have been up 17 per cent to $22.5 million
- Strong performance from ARN: EBITDA growth of 7 per cent normalised for ACMA licence fees, compared to reported EBITDA growth of 13 per cent
- Strong turnaround in Hong Kong, EBITDA positive for the first half since June 2015
- Balance Sheet remains healthy with leverage < 1.5x
- Declared fully franked dividend of 3 cents per share

SYDNEY 15 August 2018 – HT&E Limited (ASX: HT1) today released its results for the 6 months ending 30 June 2018. On a reported basis revenue from continuing operations was up 10 per cent to $137 million compared with $124.8 million in the previous year. Assuming Adshel was not being sold, revenue would have been up 1 per cent to $234.8 million compared with $232 million.

The Group delivered a strong EBITDA result from continuing operations, up 28 per cent to $30.4 million in the first half, led by a solid first half for the Australian Radio Network (ARN). Including Adshel, EBITDA would have been up 11 per cent to $51 million in the half.

NPAT attributable to shareholders on a continuing basis was up 57 per cent to $13.5 million compared to $8.6 million in the previous corresponding period. With Adshel as a continuing operation, NPATA attributable to shareholders would have been up 17 per cent to $22.5 million.

The Board has declared a fully franked dividend of 3 cents per share, with the record date of 31 August 2018 and payable on 27 September 2018.

On 23 June 2018 HT&E entered into a binding agreement to sell its out of home business Adshel to oOh!media Limited for an implied enterprise value of $570 million. The sale price represented a 12.6x pro-forma EBITDA[1] of $45.4 million, and deal completion remains conditional on ACCC decision. HT&E previously announced proceeds from the sale would comprise capital management initiatives, including paying down drawn debt, an approximately $220 million special dividend and a $55 million share buyback. Adshel is being treated as a discontinued operation and as an asset held for sale in the financial statements.

[1] 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 digitisation.

HT&E Interim Chairman Robert Kaye said: "It has been an extremely busy and productive 6 months for HT&E, culminating in a binding agreement to sell Adshel to oOh!media for $570 million. This is an excellent outcome for our shareholders, providing a solid platform of capital management initiatives going forward. What is also particularly pleasing is that the extensive sales process has not distracted management, and they have done an outstanding job delivering on important operational milestones across the business, with the continued improvement in our national radio business a real stand out."

"The investment in content and talent in radio is paying off. ARN's first half revenue growth was strong, outperforming the overall market. Adshel delivered a solid outcome and while the loss of the Yarra Trams contract in 2017 was disappointing, the work to turn this around has been exceptional, including new contract wins, and the impact on network revenue is less than initially estimated.

"We have also seen a turnaround in the Hong Kong outdoor business, and whilst it is early days, it points to a stronger future and helps validate our decision to continue to operate the business and focus on returning it to profitability."

HT&E CEO & Managing Director, Ciaran Davis, said: "We have maintained our position as Australia's #1 Radio Network and had some significant ratings wins including WSFM in Sydney achieving its best result in 20 years. The changes we have implemented across the network have delivered market outperformance for both revenue and agency growth.

"Adshel made significant inroads into reinstating the national digital network and after the Metro Trains Melbourne assets went live in April the business saw an immediate uplift in advertiser engagement. We are confident that there'll be further improvement in the second half once digital street furniture conversions start in the Public Transport Victoria contract.

"Our involvement in esports is progressing well with the launch of the inaugural Gfinity Elite Series in the first half delivering strong partnerships and sponsors and a second season planned for November."

Australian Tax Office

As previously announced the ATO has determined its position on the application of penalties and interest relating to the New Zealand Branch Matter and is seeking to apply penalties of $49 million at the rate of 50 per cent to the years 2009-2015. It has applied interest of $28 million, while the tax adjustments remain unchanged at $102 million.

HT&E remains satisfied that its treatment of this matter is consistent with relevant taxation legislation. HT&E disagrees with the ATO's position and intends to exercise all available objection rights on the application of tax penalties and interest including, if necessary, contesting the decision through litigation proceedings.

HT&E maintains a strong balance sheet with net debt increased to $176.5 million from $114.8 million due to the deposit of tax in dispute of $50.7 million.

H1 Financial Performance

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 change
(2) Before exceptional items and discontinued operations

Australian Radio Network

- ARN revenue growth of 7.3 per cent compared to market growth of 5.9 per cent
- Costs up 11 per cent (with the benefit of 2017 licence fee cuts, costs up 7 per cent)
- EBITDA was up 13 per cent year on year on a reported basis
- Best H1 ratings performance
- WSFM achieved its best result in 20 years with its number one overall FM rating
- Kyle and Jackie O #1FM in breakfast for 22 consecutive surveys
- Successful launch and integration of 5 new shows
- Christian O'Connell launched in June on GOLD104.3; #2 FM breakfast show (Survey 4, 2018)
- iHeartRadio – 1.7 million+ app downloads; 1.1 million+ registered users
- Monetisation of digital audience

ARN outperformed the overall market in the first half with revenue growth of 7.3 per cent year on year (9 per cent after the impact of changes to accounting standards) to $118.0 million, compared to market growth up 5.9 per cent.

Cost growth (excluding normalising for the impact of licence fee cuts in 2017) slightly exceeded revenue growth, with reported costs up 11 per cent to $80.3 million. With the benefit of the 2017 licence fee cuts, reported costs were up 7 per cent. Ignoring the benefit of licence fee cuts, EBITDA was up 7 per cent to $37.7 million, while on a reported basis EBITDA was up 13 per cent year on year.

ARN's plans for 2018 included growing ratings and gaining revenue share by recruiting and retaining the best radio talent in Australia. The focus has also been on building the future of audio entertainment in Australia, with an expanded digital offering and iHeartRadio as a key strategic pillar.

After ending 2017 as the leading national radio network in Australia, a number of changes were made to on-air talent. New breakfast shows on KIIS in Melbourne, 96FM in Perth and a new national KIIS drive show commenced in January, and in June the Christian O'Connell Breakfast Show launched on Gold 104.3 in Melbourne.

While content changes saw an initial decline in ratings from the highs of survey 8 2017, by survey 4 2018 ARN was delivering steady ratings improvement. In Sydney, WSFM achieved its best result in 20 years with its number one overall FM rating, while Jonesy and Amanda held the #2FM breakfast show, only behind Kyle and Jackie O who have held #1FM in breakfast for 22 consecutive surveys. Gold in Melbourne was #1FM overall, with breakfast growing share to achieve #2FM in the first survey for the Christian O'Connell Breakfast Show. MIX102.3 Adelaide retained its clear number one overall position, which it has held for 17 consecutive surveys.

DAB+ has been reported in GFK Surveys since the beginning of 2018. By survey 4, ARN's iHeartRadio "The 80s" was the #1 DAB+ station in Australia, while The Edge was #1 Sydney DAB+ station. iHeartRadio continues to grow, and now houses Australia's most comprehensive library of podcasts, sourced from partnerships with numerous International Podcast libraries. iHeartRadio app downloads now exceed 1.7 million with more than 1.1 million registered users.

In late 2017 ARN began commercialising the iHeartRadio audience utilising dynamic advertising insertion technology developed by AdsWizz. Plans to further expand the iHeartRadio offering are currently being developed.

ARN Financial Results

A$ million	2018	2017[1]
Revenue[1]	118.0	108.0
Costs[1]	(80.3)	(74.8)
Segment EBITDA	37.7	33.2
Depreciation and amortisation	(2.4)	(2.3)
EBIT	35.3	31.0

(1) 2017 revenue and costs restated for impact of accounting policy change

Adshel

- Revenue down 9 per cent to $98.9 million; up 2.1 per cent when normalised for the impact of the Yarra Trams contract loss in 2017
- EBITDA of $20.6 million, down 7 per cent
- Network revenue impact of Yarra Trams in first half less than initially estimated
- Key contracts successfully renewed
- Brisbane City and City of Sydney Council tenders ongoing
- Key contract digital build programs on-track
- Agreement to sell Adshel to oOh!media Limited for an implied enterprise value of $570 million

Adshel delivered a solid outcome in the first half. Revenue was down 9 per cent to $98.9 million, and costs were 9 per cent lower to $78.3 million, resulting in EBITDA of $20.6 million, down 7 per cent or $1.6 million year on year. These results were driven by the $11.8 million in half-year revenue impact and $8.7 million in costs associated with the loss of the Yarra Trams contract in Q4 2017. On a normalised (ex-Yarra Trams contract) basis, revenue was up 2.1 per cent.

The key challenge Adshel faced in the first half related to the loss of the national Adshel Live digital network, with Melbourne digital street furniture unable to be offered to advertisers. Significant effort has gone into reinstating this network. Metro Trains Melbourne (MTM) assets went live in April and saw an immediate uplift in advertiser engagement with the digital network. This is expected to improve further once digital street furniture conversions commence in the Public Transport Victoria contract, which is expected in the second half. Adshel Classic formats remained resilient in the first half with overall yield flat.

Adshel successfully renewed a number of key contracts in the first half, extended a number of others and none were lost. Contracts including Ryde and Lane Cove were retained through public tender processes, while Sydney Trains and Public Transport Victoria (amongst others) have been extended on favourable terms. The lucrative Sydney council of Hunters Hill was also won from a competitor. Adshel is awaiting the outcome of the key Brisbane City Council tender and has submitted its Expression of Interest for the highly sought after joint advertising / public WiFi City of Sydney contract in partnership with Optus.

Adshel Financial Results

A$ million	2018	2017[1]
Revenue[1]	98.9	108.7
Costs[1]	(78.3)	(86.4)
EBITDA	20.6	22.2
Depreciation	(8.1)	(7.6)
EBITA	12.5	14.6

(1) 2017 revenue and costs restated for impact of accounting policy change

Hong Kong Outdoor

The outdoor media sector in Hong Kong improved in 2018. The business achieved an EBITDA positive result in the first half for the first time in three years. This was the result of Cody's approach to pursuing strategic contract wins while actively exiting underperforming contracts, and its strict focus on cost management.

Digital Investments

The inaugural Gfinity Elite Series commenced during the first half. As Australia's first city-based professional esports franchise league, the Elite Series sees six teams compete over seven weeks across three game titles: CS:GO, Rocket League and Street Fighter V.

Hosted in a purpose built, dedicated esports arena at Hoyts Entertainment Quarter in Sydney, content was streamed live on Twitch, while Rocket League was broadcast live on One.

Elite Series Season 1 was a great success with major sponsors Dell Alienware, Dare Iced Coffee and Logitech on board, cumulative viewership across both Twitch and One of more than 4.8 million people and more than 3.5 million unique streaming viewers. Elite Series Season 2 will commence in November 2018.

Mr Davis concluded: "In the second half of the year our continued focus is on driving radio ratings, especially in Melbourne. As the number one metropolitan radio network we have a strong position in the Australian radio market, as well as being number one in three out of five markets and we are looking for further commercialisation of broadcast and digital opportunities. There is significant potential for growth within Adshel, with key contract tenders in Brisbane and the City of Sydney and continuation of the digital build out in Melbourne and New Zealand. We will continue to optimise

existing opportunities such as Adshel's flexible trading platform which allows advertisers to buy digital screens by time, day and location. Our strategy to make Gfinity Australia the premier esports league in the country and monetise it is on track, with securing new events at the esports arena at Hoyts Entertainment Quarter a priority. We are confident that with our portfolio of high quality assets we can continue to grow revenue and profits."

Trading Update

ARN:

- Solid H1 market conditions are continuing into H2. Forward bookings are currently indicating revenue growth of circa 5 to 6 per cent against improving comparatives (H2 17: up 5 per cent)
- 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 $2 million of Yarra Trams revenue in July 2017, July revenues finished close to 5 per cent up on last year. For the remainder of Q3, visibility across both markets is good, and after adjusting for a further $4.7 million of Yarra Trams revenues in Q3 2017, total bookings are approximately 9 per cent 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

Ends.

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